

GOLDEN GATE NATIONAL RECREATION AREA/ PRESIDIO MANAGEMENT

HEARING BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS OF THE COMMITTEE ON NATURAL RESOURCES HOUSE OF REPRESENTATIVES ONE HUNDRED THIRD CONGRESS FIRST SESSION ON

H.R. 3286

TO AMEND THE ACT ESTABLISHING GOLDEN GATE NATIONAL RECREATION AREA TO PROVIDE FOR THE MANAGEMENT OF THE PRESIDIO BY THE SECRETARY OF THE INTERIOR, AND FOR OTHER PURPOSES

**HEARING HELD IN WASHINGTON, DC
OCTOBER 26, 1993**

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CONTENTS

	Page
Hearing held: October 26, 1993	1
Text of the bill: H.R. 3286	2
Member statements:	
Hon. Bruce F. Vento	1
Hon. James V. Hansen	8
Witness statements:	
Hon. Nancy Pelosi, a Representative in Congress from the State of California	9
Letters of support submitted by Ms. Pelosi	19
San Francisco Chronicle editorial, "Bringing Muscle to Presidio Plan"	39
San Francisco Examiner editorial, "Treasure by the Gate"	40
Panel consisting of:	
Roger Kennedy, Director, National Park Service, Department of the Interior	41
Prepared statement of Mr. Kennedy	42
Ira Michael Heyman, Counselor to the Secretary and Deputy Assistant Secretary for Policy, Department of the Interior, accompanied by Denis Galvin, Associate Director, Planning and Development, National Park Service	50
Prepared statement of Mr. Heyman	53
James Duffus III, Director, National Resources Management Issues, General Accounting Office	69
"Transfer of the Presidio from the Army to the National Park Service," GAO/T-RCED-94-64	72
Panel consisting of:	
William K. Reilly, Senior Advisor to the Presidio Council	93
Prepared statement of Mr. Reilly	97
Toby Rosenblatt, Chairman, Golden Gate National Park Association, and Vice Chair, Presidio Council	103
Prepared statement of Mr. Rosenblatt	106
Jerry Keyser, President, Keyser Marston Associates	120
Prepared statement of Mr. Keyser	123
Panel consisting of:	
Amy Meyer, Co-Chair, People for a Golden Gate National Recreation Area	134
Prepared statement of Ms. Meyer	138
Lewis H. Butler, Co-Chair, Coalition for the Presidio Pacific Center ...	142
Prepared statement of Mr. Butler	145
Michael Alexander, Chair, Sierra Club Presidio Task Force	149
Prepared statement of Mr. Alexander	153

APPENDIX

OCTOBER 26, 1993

Additional material submitted for the hearing record from:	
Hon. John J. Duncan, Jr., a Representative in Congress from the State of Tennessee: Prepared statement	161
Hon. Nancy Pelosi, a Representative in Congress from the State of California: San Francisco Chronicle editorial	165
Carl Anthony, Director, Urban Habitat Program and Member, Presidio Council: Prepared statement	166
Dale Crane, Northwest Regional Director, National Parks and Conservation Association: Prepared statement	172

**H.R. 3286, TO AMEND THE ACT ESTABLISHING
GOLDEN GATE NATIONAL RECREATION
AREA TO PROVIDE FOR THE MANAGEMENT
OF THE PRESIDIO BY THE SECRETARY OF
THE INTERIOR, AND FOR OTHER PURPOSES**

TUESDAY, OCTOBER 26, 1993

**U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATURAL RESOURCES,
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS
AND PUBLIC LANDS,
*Washington, DC.***

The subcommittee met at 10:04 a.m. in room 340 of the Cannon House Office Building, Hon. Bruce F. Vento (chairman of the subcommittee), presiding.

STATEMENT OF HON. BRUCE F. VENTO

Mr. VENTO [presiding]. The Subcommittee on Parks, Forests and Public Lands is in order. We are meeting today to consider the legislation sponsored by our friend and colleague, Congresswoman Pelosi, H.R. 3286, to provide expanded authority to the Secretary of the Interior to lease properties at Presidio, San Francisco. The legislation brings up the entire plan, which was only recently released and which is now under comment, by the public and other interested parties.

[Text of the bill H.R. 3286 follows:]

103D CONGRESS
1ST SESSION

H. R. 3286

To amend the Act establishing Golden Gate National Recreation Area to provide for the management of the Presidio by the Secretary of the Interior, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 14, 1993

Ms. PELOSI introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To amend the Act establishing Golden Gate National Recreation Area to provide for the management of the Presidio by the Secretary of the Interior, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMENDMENT OF ACT ESTABLISHING GOLDEN**
4 **GATE NATIONAL RECREATION AREA.**

5 (a) STATEMENT OF PURPOSES.—Section 1 of the Act
6 entitled “An Act to establish the Golden Gate National
7 Recreation Area in the State of California, and for other
8 purposes”, approved October 27, 1972 (Public Law 92–
9 589; 86 Stat. 1299; 16 U.S.C. 460bb), is amended by in-

1 setting the following after the first sentence: "In addition,
2 the Secretary may utilize the resources of the Presidio unit
3 of the recreation area to provide for and support programs
4 and activities that foster research, education and dem-
5 onstration projects concerning the environment, inter-
6 national affairs, cultural understanding, and health and
7 science."

8 (b) ADMINISTRATION.—Section 4 of such Act is
9 amended by adding the following new subsection at the
10 end thereof:

11 "(g) INTERIM AUTHORITY.—(1) In addition to other
12 available authorities, the Secretary may, in his discretion,
13 negotiate and enter into leases, as appropriate, with any
14 person, firm, association, organization, corporation or gov-
15 ernmental entity for the use of any property within the
16 Presidio in accordance with the General Management Plan
17 or for any of the purposes set forth in section 1 of this
18 Act. The Secretary may further, in his discretion, nego-
19 tiate and enter into leases or other appropriate agreements
20 with any Federal agency to house employees of the agency
21 engaged in activities or programs at the Presidio.

22 "(2) In addition to other available authorities, the
23 Secretary may, in his discretion, enter into—

24 "(A) interagency permitting agreements or
25 other appropriate agreements with the Secretary of

1 Defense and the Administrator of the Federal Emer-
2 gency Management Agency, and

3 “(B) leases with the Red Cross,
4 to house their activities and employees at the Presidio.

5 “(3) Any leases or other appropriate agreements en-
6 tered into under this subsection shall be subject to such
7 procedures, terms, conditions and restrictions as the Sec-
8 retary deems necessary. Leases shall be entered into at
9 fair market value; fair market value shall be calculated
10 taking into account the uses permitted by the General
11 Management Plan or under this Act. The preceding sen-
12 tence shall not apply to any interagency permitting agree-
13 ment entered into between the Secretary and the Secretary
14 of Defense regarding the housing of activities and employ-
15 ees of the Sixth United States Army.

16 “(4) The Secretary shall establish competitive bid-
17 ding procedures to be used for the issuance of leases under
18 this section. For leases and other appropriate agreements
19 under this subsection, the Secretary may waive any re-
20 quirement of any law or regulation otherwise applicable
21 to the leasing of Federal properties if the Secretary deter-
22 mines that such waiver is necessary to carry out the pur-
23 poses of this Act. The Secretary shall provide written no-
24 tice of any such waiver to the United States Congress.

1 The notice to Congress shall contain an explanation of the
2 reasons for such determination.

3 “(5) For 5 years from the date of enactment of this
4 subsection, the proceeds from leases under this subsection,
5 and from concession and other use authorizations and
6 from other services that may be provided by the recreation
7 area under this subsection shall be retained by the Sec-
8 retary and used to defray the costs of preservation, res-
9 toration, maintenance, improvement, repair and related
10 expenses including administration of the above, incurred
11 by the Secretary with respect to Presidio properties, with
12 the balance used to defray other costs incurred by the Sec-
13 retary in the administration of the Presidio.

14 “(6) Each lessee and sublessee of a lease entered into
15 under this subsection shall keep such records as the Sec-
16 retary may prescribe to enable the Secretary to determine
17 that all terms of the lease or sublease have been and are
18 being faithfully performed. The Secretary and the Comp-
19 troller General and their duly authorized representatives
20 shall, for the purpose of audit and examination, have ac-
21 cess to all records and to other books, documents, and pa-
22 pers of the lessee and sublessee pertinent to the lease or
23 sublease and all the terms and conditions thereof.

1 “(7) The Secretary shall annually prepare and submit
2 to Congress a report on property leased under this sub-
3 section.

4 “(8) In addition to other available authorities, the
5 Secretary may, in his discretion, enter into cooperative
6 agreements and permits for any of the purposes of the
7 recreation area set out in section 1 of this Act.”.

Mr. VENTO. The Army has moved up the date that the Presidio is intended to be transferred from the Army to the Park Service to be administered as part of the Golden Gate National Recreation Area. This transfer is the result of a 1972 law, which required the Presidio to be transferred to the Park Service when it was determined to be in excess of the Army needs. The Base Realignment and Closing Commission of 1989 announced such intended closure with a reprieve this summer for the Sixth Army which has added a new dimension to the planning process and a challenge to the Park Service and others that have been so engrossed in that process.

The subcommittee two years ago requested Congresswoman Pelosi hold hearings on site at the Presidio to monitor the progress of the plan and the involvement of the community. Anyone who has visited the Presidio knows that it contains a combination of natural, historic, and recreational resources which are unparalleled in our nation, 220 years of military history starting with the Spanish presence in the area, hundreds of historic buildings, natural beauty rising from coastal to grasslands and forests, and even some endangered species, abundant recreational opportunities. It is a unique place.

The real question facing us, however, today and in the future as we try to hammer out a policy path, is how to make a transition that succeeds in preserving the precious natural assets of the Presidio in a manner which is sensitive to the budgetary constraints of the national government and responsive to the challenge of conservation and preservation of the resource.

The current concern, which I suspect is bipartisan, and shared by Congress and the administration, is the dollar amounts, and certainly shared by the congresswoman from the area that represents this, Congresswoman Pelosi. The complete conversion of the 1,480 acre military base into a true urban national park is an immense undertaking that will challenge all of our abilities.

There are no simple answers to the questions of how to make this a successful transition. We certainly will have our work cut out for us as we approach these complex issues.

Twenty years ago, my good friend and colleague, Congressman Phil Burton, gave us a precious gift. But he did not include the instruction manual with the fine print on how to make it work, which is not uncommon, I would say, in his legislative initiatives.

As we begin to take up this challenge, we are inspired by the truly historic work we have before us by Phil's vision if not the certainty of how to get there from where we are today. Someone once commented about his legislative work that it was like Mount St. Helens, the dust will be settling for years.

Today's hearing on the legislation introduced by Congresswoman Pelosi is to provide interim leasing authority to the Park Service. This authority is being requested in order for the National Park Service to negotiate lease agreements and secure tenants for the buildings at the Presidio.

In less than 12 months, the Army will be vacating most of the buildings it now occupies. Rather than face a ghost town of vacant buildings, it seems as though the Park Service is trying to get on the move with this so that we can make some decisions.

Some ask why we are considering the legislation when the draft plan was just made public. The answer is in the expedient purpose in terms of getting the program moving forward. I do not think it is unusual authority being asked in this instance. Clearly, we can ask questions to the point of frustrating the effort and defeating the purpose. In this context, it is important to remember that transfer of the presidio to the National Park Service would be a significant savings to the federal government in comparison to the operation as a military installation. It simply costs more to run it as a military installation than the purposes of the Park Service and the mission that they envision for the buildings.

Secondly, there will always be risks and uncertainties associated with the effort of this magnitude. It has aspects of a real estate venture. Professionals in the field of real estate are actually quite optimistic about the Presidio's ability to attract a critical mass of high-quality tenants.

Although it may seem slow in coming, I believe the National Park Service has heard the message that Congress is concerned about costs. Certainly the Department of the Interior Secretary has indicated a ceiling in terms of spending for operation and maintenance. Just one example of the types of limitations that are attempting to be put in place with regard to this project.

The draft plan proposes establishment of a non-profit public benefit corporation to take over the leasing and management of a significant number of presidio buildings. They helped draft the bill before us today and have spent many hours, the Department of Interior has, with Majority and Minority staff.

So it is time, I guess, to move ahead and hear from others today and hopefully we will be able to deal with the simple legislation that is before us. We also need to do a better job of oversight as this process moves forward and no doubt will come under considerable scrutiny today and in the weeks and months and years ahead.

Congressman Hansen.

STATEMENT OF HON. JAMES V. HANSEN

Mr. HANSEN. Thank you, Mr. Chairman. I appreciate your calling this hearing today. It is indeed timely, because I have the GAO study of the National Park Service plan for conversion of the Presidio to national park purposes.

This GAO inquiry was prepared at the request of myself, Don Young, the full committee ranking on Natural Resource Committee, Joe McDade, full committee ranking on Appropriations, and Ralph Regula, full committee ranking on Interior Appropriations.

Mr. Chairman, we requested this GAO inquiry because we have been concerned for some time about the cost of this project to the taxpayer and its impact on the mission and fiscal resources of the National Park Service.

Mr. Chairman, this report confirms our concerns about the viability of the National Park Service Presidio plan. The legislation before us today explains the National Park Service mission at Golden Gate National Recreation Area to include international affairs, cultural understanding, medical research, and even a global environmental center. Mr. Chairman, these all may be noble purposes, but the National Park Service does not currently have the

money we need to hire seasonals for park interpretative programs, replace 25-year-old maintenance vehicles, replace unsafe water and electrical systems or do basic research on our existing 360 parks.

Which of our existing park programs are we going to cut further to come up with the \$1.2 billion which will be required to implement this plan for the Presidio in the next 15 years? I understand that the National Park Service plans provide that the national government will only need to find \$500 million to implement this plan over the next 15 years and that the balance will be provided by the private sector. However, the GAO report being released today calls that assumption into serious question. Besides, \$500 million is still a significant amount of money even here in Washington.

I anticipate that the National Park Service budget will be, at best, static for the next few years. And I hope that this committee will take the time necessary to investigate alternatives to the Presidio plan which would give it the highest development annual operating costs in the history of the park system.

I must add, however, Mr. Chairman, that I have the greatest respect for our colleague from that area, whom I have worked with on the Ethics Committee during a very serious time, and also on the Intelligence Committee, and find her to be an extremely capable person. And I am sure she will come up with some very creative ideas that we are going to listen to today, as she normally does.

Also, it is nice to see our past EPA director, William Reilly, with us, and a very distinguished group of people who will testify today.

Thank you, Mr. Chairman.

Mr. VENTO. Thank you very much, Congressman Hansen. And I believe you want to submit the GAO report?

Mr. HANSEN. Yes. If I may.

Mr. VENTO. We will include that in the record. And the members, I am sure, will get copies from the distinguished gentleman from Utah.

We are pleased to welcome our colleague and friend, Congresswoman Pelosi. And, without objection, your statement and the statements of all witnesses and members will be made part of the record in their entirety. You can proceed to summarize or to read the relevant portions of your statement.

Welcome.

STATEMENT OF HON. NANCY PELOSI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. PELOSI. Thank you very much, Mr. Chairman, and Representative Hansen. Thank you for your kind words.

My experience working with you gives me confidence that we will be able to discuss this issue and deal with this challenge in a most reasonable way.

I am so pleased to have another opportunity to work with you on an issue of such important national significance.

Chairman Vento, thank you for explaining the opportunity we have with the Presidio. And, once again, thank you for conducting an on-site hearing in San Francisco. At that time, we were talking about how we would make the transition from an army base to a national park. Again, thank you for conducting this hearing today on H.R. 3286 and for the opportunity to emphasize the importance

of facilitating revenue generation from the Presidio in San Francisco.

I would like to commend the chairman, his staff, as well as the Minority staff for their understanding of the issues related to the Presidio and for their advice and counsel on H.R. 3286. The Minority has also participated in many of these meetings and, in fact, many of their suggestions have been incorporated. And I know that we have not come to complete agreement. But, nonetheless, I want to thank you for your participation. The efforts of all of you that have been involved are very much appreciated.

Mr. Chairman, if I may have a point of privilege and commend a member of my own staff, Judy Lemons, who worked for Phil Burton on the Interior Committee on this very subcommittee. And now I have the good fortune to have Judy on my staff.

I think that that continuity, imagination and hard work will serve us well. And when all is said and done on the Presidio, and we celebrate it as a national successful base closure and transition, it will be in no small part due to the work of Judy Lemons.

I usually would not say that so publicly. Yet such is the case that she is so exceptional. The Presidio is one of our greatest national resources as an historic treasure and place of beauty for the enjoyment of all Americans. It is fitting that this military site will be transformed into a monument of peace and environmental preservation and recreation as a global environmental park.

Mr. Chairman, we have, as you described and as Mr. Hansen described, a great challenge before us. But we do have a plan of action, some of which is demonstrated in the proposals made by the Park Service, which are now up for public comment and in legislation which I hope addresses some of Mr. Hansen's concerns about limiting the exposure to the taxpayer.

We have resources in terms of people, some of whom are here today to speak in favor of this legislation and about the Presidio. They are resources to us today, and they will be resources to us into the future to help meet the need for this transition.

Suffice to say that our community is united in support of this matter. They will have their differences of opinion on the plan but, hopefully, that will be done in a timely and reasonable fashion.

The legislation I am here to bring to your attention today, Mr. Chairman, is H.R. 3286. It provides the first step in what I view as a two-step process, to create a fiscally responsible process at the Presidio. The second step would involve the longer term measure I mentioned, the public benefit corporation modeled after the Pennsylvania Avenue Development Corporation. And I think we can improve on that. But it does provide a starting point for us which I hope the subcommittee will consider as a complement to the legislation before us.

Without these measures, we could face hundreds of empty buildings at the Presidio next October following the departure of the Army. Primarily, H.R. 3286 provides additional leasing authority for the Secretary of the Interior to go forward on an interim basis with lease negotiations for properties at the Presidio in an effort to accelerate the Presidio's speed toward greater self-sufficiency.

It is important to understand that this legislation is inadequate as a separate initiative and that its goals are dependent on adop-

tion of a more comprehensive approach to address the Presidio's financing needs.

The National Park Service, as you know, Mr. Chairman and Mr. Hansen, has released its draft general management plan and environmental impact statement for public review. This process will conclude early next year so that the final GMP can be released in the spring of 1994. With this additional authority, I believe the National Park Service can compress the schedule for actually securing leases and be prepared to start the flow of income from the Presidio properties in a timely fashion.

The legislation expands park purposes for the Golden Gate National Recreation Area to be inclusive of the facilities with the greatest revenue potential for the park. This is necessary to optimize the use of facilities as well as to maximize revenues from their leases. Current tenants at the Presidio whose functions may be outside the realm of park purposes are encouraged, through the legislation, to retain their presence at the Presidio. This includes the Sixth Army, FEMA, and the Red Cross.

Fair market value for leases is stipulated in H.R. 3286, and the secretary is required to establish competitive bidding procedures. The section of the bill referring to a waiver of leasing laws by the secretary relates to the need to reduce procedural delays in securing leases at the Presidio. It is my understanding that this provision would only be necessary for offsetting rents in exchange for capital improvements.

Another essential component of the legislation would allow the secretary to retain revenues from leases in order to advance the goal of self-sustainability. Allowing the secretary to retain funds would provide an incentive for the Department to maximize its leasing activities. It also increases the likelihood that a longer-term financing entity would inherit an enterprise well on its way to economic viability. There is a five-year limitation on retaining revenues which is also intended to provide incentive for the secretary to accelerate the transfer of financing and management of certain Presidio properties to a public benefit corporation. H.R. 3286 also calls for appropriate oversight measures for the Presidio's tenants, as well as for the secretary.

Mr. Chairman, members of the subcommittee, these are the essential elements of the legislation before you today. I fully recognize the need to make every effort on behalf of a financially viable national park. During this process, it has become clear to me that stronger oversight by the Congress is necessary for the project. Realizing that H.R. 3286 will not be the final document on the Presidio, I would encourage the committee to require an outline of specific objectives and deadlines for their achievement with regard to the Presidio.

I mentioned earlier the strong community support we have for the Presidio. When I say "community," it is not just in our community of San Francisco, but support extends across the entire country. We have the Presidio Council, former EPA administrator Bill Reilly, who will speak to their interests later.

The impressive list of witnesses to follow will offer important information on the significance of this legislation for the National Park Service; the contribution and strong commitment of the Pre-

sidio Council to this effort, through the leadership of Jim Harvey, Toby Rosenblatt, and William Reilly; and the financing outline for the Presidio which will be presented by Jerry Keyser of Keyser Marston and Associates.

You will also hear from Amy Meyer, who was involved from the early days with former Congressman Phillip Burton in developing the legislation for the GGNRA and the Presidio properties. Louis Butler, who has served in the Nixon Administration and is also a resource to us, is with us today. Michael Alexander of the Sierra Club from San Francisco will offer important perspectives on the importance of the Presidio to the national park system, as well as to the global community.

I am particularly pleased that some friends who understand the Presidio's possibilities are part of the administration. Secretary Michael Heyman and Mr. Roger Kennedy are also here to talk about this issue.

I also understand that representatives of the General Accounting Office will testify. It is unfortunate that the completion of their report did not allow for more time to review their figures prior to the hearing. While we can expect a continuing dialogue on costs anticipated for the Presidio, I believe very strongly in a wide range of possibilities that exist at the Presidio and consider this venture a challenge to our collective creativity.

Mr. Keyser will be addressing some of the suppositions advanced by the GAO in their report. But this will have to be something that will be ongoing.

I believe that the members of this committee will rise to the challenge and develop a national park that will make us proud of its contribution to the national system. This mission, I am confident, will be discharged with great fiscal ingenuity and responsibility so that the Presidio will embody the finest qualities of a traditional national park, as well as the exceptional features of an extraordinary 21st-century national park.

Mr. Chairman, we face the challenge of base closures. This will be one of the least costly base closures to the federal government.

Thank you again, Mr. Chairman, Mr. Hansen, Mr. Thomas. I welcome the opportunity to hear your perspectives on the Presidio.

I look forward to working with you on the successful resolution of our differences on it. And I thank you very much for your interest in the Presidio and your cooperation in conducting today's hearing on H.R. 3286.

Thank you, Mr. Chairman.

Mr. VENTO. Thank you, Congresswoman Pelosi. I certainly understand your comments about the ageless Ms. Lemons and her role in helping provide continuity in terms of this policy matter as well as Amy Meyer and others that have been involved in it.

During my visits, which have been too infrequent to this area, I certainly had occasion to work with both of them. And so it is important to understand that in 1962 prior to any of this action, this entire area was declared a landmark area. So, as a landmark area and as something that now is within the ownership and control of the national government, it is a question of how you meet that particular challenge.

To suggest that somehow you can go out and put a free market price on a piece of this 1,500-acre area in the absence of how it would be treated after that, of course, is unsatisfactory. Its use would have to be in concert with whatever our responsibilities are. And policy, of course, since the law existed in 1972 has dictated that it would come under the control of the Park Service.

Now, the question is, how to maximize the effect of the landmark responsibilities of the park inclusion and minimize the number of dollars spent in terms of doing that. So that is what is being proposed.

There are the alternatives the Park Service has gone through. But I think the issue here is what type of authority needs to be extended to the Park Service and what type of responsibility we have for oversight and/or setting benchmark type of goals so that we will have a good idea of what the progress is.

I think that it is important to reconcile the numbers, the figures of the GAO. There has already been debate about those figures prior to the release of the report. And now, at least, we have the report in our hands. So that we have a better idea of what the actual costs are and what they are attributing to the cost and who will pay it.

Obviously, the military in terms of when you talk about this being the least costly proposal, if they have infrastructure and/or cleanup costs that would be associated with asbestos or other types of materials that need to be cleaned up in any base that they have across the country would be responsible for doing so. And in the example that we have here with the Presidio, they are expected to do so.

You have been instrumental in attempting to intervene in terms of appealing for dollars within the defense appropriations bill for such purpose, have you not?

Ms. PELOSI. Yes, I have. The Army has been very generous and recognized their responsibility as the good neighbors they have been for so many years in our community. So we have been very pleased with the response we have received from the DOD Appropriations Subcommittee to enable the Army to depart as good neighbors. We will see after Wednesday, when the conference is completed, how much money we will get out of the bill. It should be significant in the furtherance of cleanup and infrastructure repair from the DOD for the Presidio.

Mr. VENTO. And this infrastructure repair, of course, deals with the electrical system, sewer system, and other types of utility type of systems that need to be upgraded to appropriate standards; is that correct?

Ms. PELOSI. That is correct. I am not saying that it is going to be every dollar that we need, but it takes us a very long way down the road to that end.

We expect some of the people who come into the Presidio to help us offset some other costs. But, as you know, we cannot be in a position to lease unless we have a certain level of cleanup and infrastructure in place.

Mr. VENTO. Let me just ask a general question, which I think is key. And, of course, I have noted the landmark status which I hope we can keep in mind as we ask questions or as we review this, be-

cause that is a paramount responsibility. But the other matter, of course, is the acceptance of the community.

As nearly as I understand, the city, the county, all of the jurisdictions involved are in acceptance of the fact that this is to be managed as a landmark site with historic, cultural, conservation, preservation initiatives; is that correct?

Ms. PELOSI. Yes, it is. And I would like unanimous consent to submit for the record documents from the mayor. So, from the mayor of our city and from the Board of Supervisors of our county, as well as the Chamber of Commerce, labor council, the list goes on and on with the kind of support we have, including editorial support from our newspapers and the recognition of the status that you described, as well as the admission on their part as possessive and as proud as we are at the Presidio that it is a national resource and that the role of Congress in its destiny is going to be a strong one. And we will draw upon national resources on the private side as well to support it.

Mr. VENTO. I might add that, in reviewing this project and the policies that evolved in further legislative initiatives, we will be looking for the city/county in San Francisco as a key partner in terms of dealing and addressing some of the challenges that we face in terms of police, in terms of fire, in terms of other activities which I know have maybe been settled in their mind but perhaps not in all of ours.

Ms. PELOSI. I am going to be here the entire morning for this hearing and I think our testimony as a whole will answer some of these questions. You know, there will not be answers to all questions.

Mr. VENTO. I do invite you to sit with the committee at the appropriate point so you will be able, after the members have questions, to ask a question or two or at least provide a view.

Thank you.

Mr. Hansen.

Mr. HANSEN. Thank you, Mr. Chairman. I appreciate our colleague's excellent prepared remarks.

We're back in the old battle, where do we get the dollars, who pays for it. As a member of the Armed Services Committee for many years, we now cut the budget in the military. Those who run the military are saying we will cut our missions at the same time. That's what we're hearing from the joint chiefs. And, of course, that is very appropriate, we do need to cut the missions. And, yet, Congress at the same time demands that they do certain things that they have done even more than they have.

I am appalled as a conferee as we look at all of the requests that Congress is asking the military to do and yet we are, by the same token, cutting their budget rather substantially.

I guess I use that analogy, as Mr. Kennedy is going to have a very difficult job as the Park Service head. Congress is constantly asking more and more things from them, and yet we are not anteing up the money to take care of some of these issues.

So I only can point out, Nancy, best luck. And this will, of course, go through the crucible and be refired. I hope we are all flexible enough to get the best of both worlds out of this. I hope that is the case.

I was curious, as I have been glancing over the alternatives and the ideas that the Park Service has come up with, I am sure that there are alternatives as to what the Park Service has got. I hope that your group is flexible enough to realize that. Very possibly, what they are saying may not be the finished product. Like any piece of legislation what goes in the front end is rarely what comes out the end of the pipe. I hope maybe there could be some alternatives that maybe would not be as costly or restructured or worked out that would be best for all concerned and that we have the foreseeability if we walk into this legislation to accept that fact.

Do you agree with that?

Ms. PELOSI. The plan has gone to the public as step one, and with a sincere invitation to receive public comment. We can learn a lot from the public on how we should go forward, and then Congress will work its will.

So, we fully recognize that this is the beginning of the process. But I would be less than honest, Mr. Hansen, if I did not say that keeping the Presidio intact is a goal for those of us who are presenting this legislation today. So the challenge for me is to convince you and our colleagues that the national interest and the Park Service is best served by our keeping the Presidio intact and not parceling out areas of it. It does not mean that those kinds of discussions should not take place. It just means that we have to make a case to you about why the best final resolution of this is to keep the Presidio intact.

Mr. HANSEN. Even if we accept the premise that we keep it intact, the uses that will go on in the area are still open for debate, I would assume.

Ms. PELOSI. I think it is out there for public comment. Our standards are very high and I think the framework offered by the General Management Plan suggests that we are talking about a park of national significance. It will be a model to the rest of the country that continues to be a source of jobs, as well as revenue for the Park Service.

Mr. HANSEN. What about the state of California? What are they going to do?

Ms. PELOSI. We will have to have a representative of the state to be here for that. But this is a national park. And I think that what we are looking to, if we are going to be very fiscally responsible about it, is to have leasing authority so that we can have revenues coming in to help sustain the park. We will still have to have some participation.

And, as the chairman mentioned, the Department of the Interior has set a limit on what that ongoing investment would be. And we will have to have private participation in terms of fundraising in the private sector, and we see that opportunity as a national one, because of the national interest in it.

I think with those three components, we should be able to come up with a plan, with a budget that matches it and that is reasonable and achievable. We should not come up with a plan that we cannot afford.

Mr. HANSEN. I appreciate that.

I have to say that, after serving on this committee for many years and reading a number of studies of state land versus federal

land, I know in my home state we manage ground that is contiguous, right next to federal ground, for a third of the cost. In my opinion, we do a better job.

Now, I came out of state government so maybe I'm a little prejudiced there. But many times I have noticed—I really wonder why the federal government has so much land in states like the west when we manage it better and probably get more use out of it than the federal government. In fact, 25 percent of it is 25 percent of the cost of what we pay for land. And we have had independent studies looking at it. And we also have a number of parks. And of course in the state of Utah we've got all kinds of national parks.

But I sometimes think that some consideration should be given to a state which seems to be a little more sensitive and closer to the area and takes care of it very well.

I appreciate your comments.

Ms. PELOSI. Mr. Chairman, if I may say, I know you have been to the Presidio and you have seen it. What you may not be aware of is the philanthropic potential. During the past couple of years, the City raised \$25 million for the public library. The goal is 30. Twelve million to date for the Asian art museum. The fundraising campaign that went on at the same time as the library. And at the same time, the Museum of Modern Art, \$79 million in the last three years.

So, for the philanthropic end of it, there is opportunity and there is interest. But as I keep coming back to, we have to maintain an excellent caliber of projects at the Presidio. And that, I think, is something that we all agree on.

Mr. HANSEN. Thank you.

Mr. VENTO. Mr. Thomas.

Mr. THOMAS. Thank you, Mr. Chairman.

Thank you for your testimony. I am not familiar, particularly, with this operation so I was interested, very much interested in it. And you covered it very nicely.

We have had lots of issues in the last month or so with respect to the west and western things. The group from the Bay Area has not been particularly sympathetic to our problems, so it is interesting now that you do have a great interest in this as a financial opportunity for the country.

I understand you have 72,000 acres approximately already in this national recreation area that is adjacent. And, of course, the Park Service has made it very clear, and I agree with that, that we have been in shortage of resources for the parks that now exist. And they were very outspoken about it very recently, that it has not been kept up well.

So I have just a general question, I guess, and you've already talked about it some. But I think it is a legitimate question. Here is a park that I guess I am not aware of the national significance to the extent you have mentioned that. It seems to me, and I suspect if you looked at the visitation, it's largely local. Why wouldn't this be a good thing for the local and state opportunity as opposed to—it is not Yosemite, as a matter of fact. It is not a destination area, as I understand it. And if it is, then tell me. Because my hunch is it is not a destination for very many travelers.

Conceptually, in general, why wouldn't this be something that ought to be done locally?

Ms. PELOSI. First of all, Mr. Thomas, may I extend to you an invitation to visit us in San Francisco so that you can walk the grounds of the Presidio and see why we are so proud of it and why—

Mr. THOMAS. I understand why you are proud of it.

Ms. PELOSI. And why we believe it is of national significance. And you would then understand, I think, why for the GGNRA and the Presidio included in that, even now as an Army base—

Mr. THOMAS. It is a destination?

Ms. PELOSI. It receives more visitors than any other national park.

If you took Yosemite and Yellowstone combined, it receives three times as many visitors.

Mr. THOMAS. And where do they come from? They receive 20 million, where do they come from?

Ms. PELOSI. More visitors than Disneyland.

Mr. THOMAS. Where do they come from?

Ms. PELOSI. Local and some come from the rest of the country.

Mr. THOMAS. You don't have a breakdown?

Ms. PELOSI. No, I don't. Because we don't have a gate in that respect. But I will tell you this, that our area is a tourist area and one of the attractions for it is the wonderful outdoor park opportunity that we have.

And so we have visitation not only locally, which of course we do, not only nationally, which is significant, but also internationally which contributes to our favorable balance of payments in terms of those tourist dollars which come into our area.

The total is 20 million visitations and if you would give me the opportunity to take you through the Presidio and the GGNRA, you would see people from all over the world there.

And if I may add, some of the concerns you put forth about funding are very significant. We don't have an argument about that. We want to have limited exposure for the American taxpayer. That is something we, too, will take pride in. This is a new project. We have not had a base closure where the base is going from one agency, a department of government, to another department of government, from the Department of Defense to the Department of Interior.

We have an unmatched opportunity here because, as the chairman mentioned earlier, the Department of Defense is being a good neighbor and investing in infrastructure and cleanup so that we are in the best shape that we possibly can be—recognizing the physical limitations as we make this transition. When we talk about the National Park Service not having sufficient funds for other parks, I agree with you. But we also have a fund where we buy park land so it is not developed to complete other parks.

Here we are in the reverse situation where we have a park which is very desirable which would be very appealing to people who would want to come in and lease the space that would then help us sustain an absolute, I say, unabashedly jewel.

So I think as we go through this debate, we have to think not only of how cheaply we can do it, but what resources we have and that we don't want to squander it.

I think only by bringing you there, you can see the nature of the visitations, and that it is a national resource. Other witnesses today will testify to that significance as well as to the philanthropic support that we can draw upon nationally for the Presidio.

My focus, of course, is to get leasing authority so that we can generate revenues. But I consider this a dialogue that we will be having for a long time to come. Hopefully not too long, because I consider it one of my major works in Congress, the resolution of this base closure. I had three base closures in my district, the Presidio is the most creative, offering the most opportunity for creative approach to serve as a model for other parks in the country.

So I do not think this is anything we should rush or leave unanswered questions. We fully want to have bipartisan support on this, and I see this as my challenge to persuade you to that point.

Mr. THOMAS. I appreciate it. And you do an excellent job of representing. I think there are basic questions. One of them is funding and how it affects the unfunded responsibilities we already have. The other I think is a legitimate question. And that is, when are facilities more properly local and state than national.

And I think that there is a definition there, and so I look forward to pursuing it with you.

Ms. PELOSI. I look forward to that as well.

Thank you, Mr. Thomas.

Mr. VENTO. I think we will get the answers to questions more by listening to the witnesses than the chairman editorializing on my colleagues' comments. So I will spare them. [Laughter.]

We have got some agreement here, anyway. So we will listen to the witness.

We thank you and the submissions you have made with regard to the letters and concerns will be added to the record.

[Letters of support submitted by Ms. Pelosi follow:]

Office of the Mayor
SAN FRANCISCO



OCT 22 1993
FRANK M. JORDAN

October 14, 1993

Honorable Nancy Pelosi
U.S. House of Representatives
240 Cannon Office Building
Washington, D.C. 20515

Dear Nancy,

This is to state my feelings regarding the Presidio, and to thank you again for your efforts in this regard. In particular, I am responding to proposals that I understand have been made to sever parts of the grounds of the Presidio, and designate them for uses other than those related to its status as a National Park.

I share your belief -- and the belief of most San Franciscans -- that the Presidio is a national treasure that should be preserved and made available to all as a National Park. Over the past few years, the National Park Service, in conjunction with representatives of the City, the federal government, and representatives of various San Francisco community groups, have been meeting to develop plans for conversion of the Presidio to a National Park. I feel strongly that the Congress, which originally designated the area for Park purposes, and which approved the planning process that is now nearing its completion, has the obligation to honor the results of that planning process and its commitment to the development of a National Park.

San Franciscans, and residents throughout Northern California, are eagerly awaiting the upcoming release of the Presidio planning document. Maintaining the integrity of the remaining grounds of the Presidio as presented in the planning documents -- over 1,000 acres of land available for a variety of recreational and public uses -- as a single unit for conversion to a national park is essential to preserve the historic, aesthetic, and public benefit purposes that are the basis for a national park.


In sum, it is my belief that the entire grounds of the Presidio as it has existed for the past several years, including the site of Letterman Hospital or the Sixth Army barracks, should be considered part of the future national park. It is also my belief that this is the concept as it was envisioned by the Congress when it initiated the planning process that is now nearing its conclusion.

Honorable Nancy Pelosi
October 14, 1993
Page Two

Finally, I wish to applaud you for your legislative initiative, which enhances the unique public/private partnership relationships that will be embodied in the Presidio. I believe that this innovative approach will establish national park service policy for the future.

Please call me if I can be of further assistance.

Sincerely,



Frank Jordan
Mayor

FILE NO. 13-93-34

RESOLUTION NO. _____

1
2 CONFIRMING THE CITY AND COUNTY OF SAN FRANCISCO'S SUPPORT
3 FOR TURNING THE PRESIDIO INTO A NATIONAL PARK AND OPPOSING
4 EFFORTS IN CONGRESS TO ELIMINATE FUNDING FOR THIS
5 TRANSITION.
6

7 WHEREAS, Legislation authored by the late Congressman Philip
8 Burton had the Presidio revert to the jurisdiction of the National Park
9 Service upon decommissioning as an Army facility; and
10

11 WHEREAS, The Army is due to leave the Presidio on October
12 1st, 1994 and a Master Plan for this transition is being completed;
13 and
14

15 WHEREAS, Congressman Duncan of Tennessee and others in
16 Congress have expressed concern about the funding for this
17 transition; now therefore be it
18

19 RESOLVED, That the City and County of San Francisco supports
20 efforts underway to have the Presidio revert to the National Park
21 Service upon decommissioning as an Army facility; and be it
22

23 FURTHER RESOLVED, That the City and County of San Francisco
24 opposes efforts in Congress to eliminate funding for this transition.
25



October 22, 1993

WHEN YOU

MEAN

The Honorable Nancy Pelosi- District 8
450 Golden Gate Avenue, #13470
San Francisco, CA 94102

BUSINESS...

Dear Congresswoman Pelosi,

REMEMBER

As you know, the Park Service released its plan for the Presidio this week. This letter is to underscore the continued commitment of the San Francisco Chamber of Commerce to make this national treasure accessible to all. We support the Park Service's plan and want to join with you in seeing that Congress quickly passes the legislation necessary to maintain and develop the Presidio.

A MEMBER

While we represent the San Francisco business community, I wish to convey to you the strong interest of our members, both now and during the lengthy process preceding this plan, in sharing the Presidio with the rest of the United States and the entire world. The worth of the Presidio is certainly incalculable. The Chamber would like to see this crown jewel in the National Park system protected yet used with its immense value always firmly in mind.

To this end, the Chamber has closely followed the development of this plan and, we hope, had a positive influence. While the Presidio will certainly have an effect on the California economy, the multiuse nature of the Park Service plan will enrich business and commerce nationwide and beyond. We support, for instance, the long-term leasing of existing buildings by companies, non-profit organizations and educational institutions, from everywhere. In fact, the Chamber has recently begun a campaign to solicit ideas for international uses from the consular corps resident in San Francisco. We believe that private enterprise has an important role in implementing the plan and will continue to work closely with the Park Service to realize the full potential of the Presidio.

To close, I want to reiterate the Chamber's interest in advancing the Park Service plan and assisting in any way we can. The Presidio may be in San Francisco but it belongs to the world.

Thank you for your unflagging support of the Presidio. We wish you success in seeing the pending legislation through the Congress.

Sincerely,

G. Rhea Serpan
President & CEO

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John Chermak
Maritime Longshoremen's Union

Michael Dwyer
Maritime Fishermen's Union

VIA FAX 1-202-275-8259

October 25, 1993

Hon. Nancy Pelosi
Member of Congress
House Office Building
Washington, D.C. 20515

Attention: Judy Lemons

Dear Congresswoman Pelosi:

I have reviewed H.R. 3286 which pertains to the the Presidio as part of the Golden Gate National Recreation Area.

This communication will serve as notice of my personal support for the aforementioned Bill. I would appreciate receiving information regarding the status of the Bill after action by the Committee of Natural Resources.

Thank you.

Sincerely,

Walter L. Johnson
Secretary-Treasurer

WLJ:mcq
ops-3-afl-cio(11)



OCT 20 1993

League of Women Voters of San Francisco

114 Sansome Street, Suite 513, San Francisco, California 94104-3812 • (415) 989-VOTE

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October 15, 1993

The Honorable Nancy Pelosi
240 Cannon Building
WASHINGTON, D.C. 20515

Dear Ms Pelosi,

The San Francisco League of Women Voters commends you for your splendid effort to assure that all of us in the USA will be proud and delighted in the development of the Presidio National Park.

We endorse and commend your legislation which will set up the Presidio Foundation, a congressionally chartered, not-for-profit public benefit organization made up of experienced property management professionals. We realize that this foundation will be able to attract rent paying tenants and programs appropriate to an urban national park. We realize also, that such a foundation can operate flexibly and swiftly; and that the park service will continue to do the jobs which it does well, e.g. setting broad policies and goals, taking care of open spaces, and providing for public safety services.

The League of Women Voters "supports management of land as a finite resource, not as a commodity, since land ownership carries responsibility for stewardship; as well as identification and regulation of areas of critical concern. We support "protection of fragile or historical lands where development could result in irreversible damage."

Thank you for your perseverance to keep the public aware of the importance to the nation of preserving our newest national park.

Yours truly,

Jean Lacey, President

OCT 25 1993

October 20, 1993

PHAN



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OF NEIGHBORS
1982 CALIF STREET
SAN FRANCISCO, CA 94118

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Hon. Nancy Pelosi
240 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Pelosi:

The Presidio Heights Association of Neighbors (PHAN) is an organization of the residents of a 40 square block area immediately adjacent to the eastern end of the southern border of the Presidio. At a meeting yesterday evening of the Board of Directors of PHAN, we enthusiastically and unanimously adopted a resolution,

- unequivocally supporting the conversion of the entire Presidio into a national park;

- supporting your proposed legislation granting interim authority to the National Park Service to lease the Presidio's buildings, giving consideration to all potential tenants which can meet the use and revenue generating requirements of the General Management Plan, and retain earnings for the Presidio's rehabilitation and improvements;

- supporting follow-up legislation which would create a Congressionally chartered, not-for-profit, public benefit Presidio management entity, which entity could attract suitable tenants and programs, lease the buildings, and retain revenues for Presidio maintenance and improvements. We urge that this follow-up legislation be passed without delay so that the management entity can be set up as soon as possible to begin managing this incomparable resource.

We greatly appreciate your efforts to develop and maintain the Presidio as a national park for the benefit of both the local and national communities.

Very truly yours,

Peter Mezey
Peter Mezey
Vice President

NEIGHBORHOOD ASSOCIATIONS FOR PRESIDIO PLANNING

2608 Green Street
San Francisco CA 94123
(415) 929-0105

October 15, 1993

Presidio Heights
Association
of Neighbors

Presidio Terrace
Association

Pacific Heights
Neighborhood
Council

Pacific Heights
Residents Assn.

Cow Hollow
Association, Inc.

Marina Civic
Improvement &
Property Owners
Association, Inc.

Planning Assn.
for the Richmond

Sea Cliff
Association

Lincoln Park
Neighborhood
Associates

Lake Street
Residents
Association

via FAX 415/861-1670

Congresswoman Nancy Pelosi
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Presidio Legislation

Dear Congresswoman Pelosi:

I write on behalf of Neighborhood Associations for Presidio Planning ("NAPP"). NAPP is an umbrella organization consisting of all the neighborhood associations of San Francisco, the jurisdictions of which abut the Presidio. NAPP vigorously supports your efforts to ensure that the Presidio is converted into a national park, pursuant to the 1972 GGNRA Act.

The neighborhoods represented by NAPP are united in their strong belief that the Presidio should become a national park. We understand that certain members of Congress seek to remove the Presidio from the National Park Service's control and sell it, either in whole or in part. NAPP strenuously opposes any plan to sell any portion of the Presidio, and urges you to continue your fight against any such plan.

NAPP also supports your recently proposed legislation to grant the National Park Service authority to lease buildings in the Presidio and to permit the Park Service to retain in the Presidio's budget those revenues generated by its leasing activities there. It is absolutely critical to the success of the Park Service's conversion plan that it have the power to lease the buildings in the Presidio. Without the opportunity to generate and retain revenues, the Presidio Park's opponents in Congress will surely succeed in defeating the Park Service's plan.

NAPP urges your colleagues in Congress not to be swayed by the arguments by those who have set themselves against the Presidio without reference to its ability to become virtually self-supporting, and without reference to its importance to the nation as a whole. The Presidio presents an opportunity to create a beautiful

Congresswoman Nancy Pelosi
October 15, 1993
Page 2

national park for all Americans. This park has the promise of looking both to our past and to our future. It deserves a chance to come into being.

NAPP commends you for your vision and tireless efforts to bring the Presidio Park into existence. Please know that you have our unfailing support. If there is anything we can do to aid you, please do not hesitate to let us know.

Sincerely,



Mary G. Murphy
Co-Chairwoman, Neighborhood
Associations for Presidio Planning

MGM/rd
07458/95101503

cc: Hon. Frank Jordan
Supervisor Kevin F. Shelley
Supervisor Willie Kennedy
Supervisor Sue Bierman

Golden Gate National Recreation Area and Point Reyes National Seashore

A D V I S O R Y C O M M I S S I O N

October 22, 1993

VIA FAX: (202) 225-8259

Honorable Nancy Pelosi
Member of Congress
240 Cannon Building
Washington, D.C. 20515

Re: Presidio of San Francisco

Dear Congresswoman Pelosi:

This citizens' Advisory Commission was established by Congress in 1972 to give reasoned advice to the National Park system, and to serve as the eyes and ears of Congress. At our official meeting on October 21, 1993 the Commission voted unanimously to forward this letter to you.

It is our understanding that efforts may be made in Congress in the near future to carve up the Presidio, and to subject some of its assets to sale. We are deeply disturbed by this proposal.

Around the country, we have preserved dozens of historic sites, including Civil War battlefields, homes of important persons, etc. Although we are proud to have preserved these sites, hardly one of them contains one-tenth of the historic significance of the Presidio of San Francisco.

The Presidio of San Francisco is uniquely qualified as a National Park. If portions of it can be sold off, there are no National Parks in any state which can be considered safe from developers, because there are no other units of the National Park System that contain so many qualifications for preservation.

1. The fabric of history in this one site is astounding. It was an important area for indigenous peoples. It was the site of the northernmost outpost of the Spanish empire in 1776. It saw activity by Kit Carson and John C. Fremont during the Bear Flag Revolt in 1846. Many officers who became household names due to service in the Civil War also served at the Presidio. It was instrumental in the founding of the National Park Service. Many advances during the first two decades of aviation were due to Presidio facilities. Military hospital history is rich at the Presidio, as well as the progression of coastal fortifications, still in place, from the 1850s to the 1960s. The Presidio served as a key port during the Boxer Rebellion, the Sino-Japanese War, the First World War, our land invasion of Russia in 1918, World War II and Korea. This park contains as much as 15% of all the historic structures which are preserved in the National Park system.

Building 201, Fort Mason, San Francisco, CA 94123

Public Affairs Chair: Amy Meyer Vice Chair: Ernest "Chuck" Ayala Howard Engelbrecht, PhD John D. Crowley RC, USA (ret.)

letter of 10-22-93 to Pelosi
re Presidio of San Francisco

2. Rarely matched elsewhere in the National Park System are the spectacular views of the Pacific Ocean, Golden Gate, and San Francisco Bay.

3. The popularity of the Presidio with the public will be unmatched in any other unit of the National Park. GGNRA already gets more visitors than Yosemite, Yellowstone and Grand Canyon combined, a total of approximately 20 million a year.

4. The diversity of biotica at the Presidio is also rare, even in the National Park system. It has been estimated that the Presidio ranks in the top one percent of National Park units in the number of listed species requiring protection.

On a practical level, and as a matter of public responsibility, we would also note:

5. The Presidio is a relatively compact unit, and its portions are inter-dependent upon each other. For 217 years it has been operated as a single unit, and its water supply, utilities and roads are self-contained.

6. The Draft Management Plan, a product of dozens of public hearings, has just been delivered to us on October 21st, and will be undergoing final public hearings during the next few months. It would be a betrayal of the public trust to even consider changes in the outline or content of the Presidio until the public has responded to the plan.

7. This park unit will benefit from the Golden Gate National Park Association, which is without peer in raising private monies to support park efforts, and will be benefited by the existence of this Commission, which has a reputation of being one of the best in the country.

We suggest that the American public will not approve of moves to sell off units of the National Park system. The Presidio has been a unit within the National park system for 21 years. It was included with the boundaries of the GGNRA by Congressional legislation, P.L. 92-589, which allowed the Army to complete its military mission. That mission having now ended, the land, by law, reverts to the park system.

Please call upon us if we may be of assistance to you in the above matter.

Warm personal regards,



Richard Bartke, Chairman



SPUR

21 October, 1993

The Honorable Nancy Pelosi
450 Golden Gate Avenue, Suite 145378
San Francisco, CA 94102

Dear Congresswoman Pelosi:

As you may well know, SPUR, the San Francisco Planning and Urban Research Association, is a 32 year old citizen/business coalition which seeks to address public policy issues affecting the residents of the City and County of San Francisco. As a nonprofit, public policy "think tank", SPUR's mission is to act as a citizen watchdog as well as to research and analyze public policy which seeks to improve the quality of life and economic vitality of our community.

Given this background, we thought you would be interested to know that on October 20th, SPUR's Board of Directors adopted a resolution which:

1. completely endorsed the conversion of the entire Presidio into a national park. This implicitly rejects any attempt to cut out a part (or parts) of the Presidio, including the public health hospital or any area Congressionally mandated by the Burton Bill, for any other use.
2. supports your proposed legislation granting interim authority to the National Park Service to lease the Presidio's buildings, giving consideration to all potential tenants which can meet the test of revenue generation and use requirements as specified in the General Management Plan, and retain earnings for the Presidio's rehabilitation, operation and upgrading. We affirm our support of all pragmatic undertakings which will effectuate these objectives.
3. seeks follow up legislation which would create a Congressionally chartered, not for profit, public benefit Presidio management organization which would attempt to find suitable rent paying tenants and enter into leases with these entities. These revenues would be retained and directed to the maintenance and improvement of the Presidio. We trust that this urgently needed legislation can be enacted without delay so that the management organization may begin to operate as soon as possible.

Finally, we want you to know how appreciative we are of your efforts to develop this incomparable resource for the benefit of local, national and international communities. As the Presidio transits from a military post to an urban park, we are mindful of the forthcoming generations and the legacies we can leave to them. May you continue to walk in the footsteps of our fellow Californian, John Muir.

Yours sincerely,

Tom Nolan
Executive Director



ASLA

October 25, 1993

Hon. Nancy Pelosi
U.S. House of Representatives
Washington, DC 20515

Dear Rep. Pelosi:

On behalf of the more than 10,000 members of the American Society of Landscape Architects, I wanted to let you know of our official support for HR 3286, to allow increased authority for leasing of existing structures at the Presidio unit of the Golden Gate National Recreation Area.

We have believed so strongly in the role of the Presidio that a distinguished team of landscape architects and allied professionals put in countless hours back in 1986 undertaking a complex study of land use patterns and threats at the Presidio Army base. Chief among the needs considered was the need to keep the unit intact for eventual transfer to the GGNRA. As that transfer is about to be complete in 1994, ASLA believes that there are a variety of innovative and exciting ways in which this site—which has always blended a remarkable number of types of uses—can generate some of the financial support so necessary to the preservation of the whole. Your proposal in particular presents some of the best solutions to date.

One of our senior team members called the Presidio "the symbolic gateway to the United States for the whole Pacific Basin." This gateway includes an impressive array of open space, botanic and historic resources, all of which would suffer from any attempt to dismantle or dissect the site.

Our members—nationally and in the Bay area—stand ready to assist you and the National Park Service as the Presidio process progresses. Please let us know if we can provide assistance in the coming months.

Sincerely,

Thomas Papandrew
Thomas Papandrew, FASLA
President

AMERICAN
SOCIETY OF
LANDSCAPE
ARCHITECTS
4401 FURNACE
ACADEMY
CIRCLE
WASHINGTON, DC
20008-2102
202/638-6000
FAX: 202/638-6001



October 21, 1993

Fort Mason Center
Landmark Building A
San Francisco
CA 94123-1352
415 841 5705
Fax: 415 672 6485

Congresswoman Nancy Pelosi
8th Congressional District
240 Cannon House Office Building
Washington, D.C. 20575

Dear Congresswoman Pelosi,

I appreciate the opportunity to express my views relative to the anticipated transfer of the Presidio Army Base from the Department of Defense to the Department of Interior, and its conversion from a military base to a significant part of the GGNRA.

I am sorry I cannot be in Washington, D.C. to testify, but appreciate the inclusion of my comments in the written record.

For the past fifteen years I have been Executive Director of the Fort Mason Foundation, the private, nonprofit corporation that manages the Fort Mason Center in the GGNRA. The Fort Mason Foundation has been the National Park Service's partner since 1976 when we both signed a Cooperative Agreement detailing our respective responsibilities and obligations in managing the conversion of Fort Mason, a decommissioned Army base. Fort Mason had been vacant for fourteen years at that time, having been closed in 1962. It was in serious disrepair when the Fort Mason Foundation was entrusted with the responsibility for managing the facilities and for engineering their conversion into a vital community, cultural and recreational complex reflecting the talents, diversity and interests of the people in the San Francisco Bay Area.

What has occurred in the past seventeen years is a dramatically successful collaboration between the Fort Mason Foundation and the GGNRA, with the public as the principal beneficiary. We believe it is instructive to the process that faces us all in converting the Presidio for important national and international purposes. I believe that those who are looking with trepidation at the need to create an internationally respected, cultural, educational and recreational park in the Presidio can look at the success of Fort Mason Center for encouragement. Specifically, in cooperation with the National Park Service/GGNRA the Fort Mason Foundation has accomplished the following:

- Over \$10 million in capital improvements to the buildings entrusted to us by the National Park Service, accomplishing safety, accessibility and historic compliance improvements to the buildings.
- Attracted to our facilities over six hundred nonprofit groups, individuals and businesses each year to present educational, cultural, and recreational programs for the public.

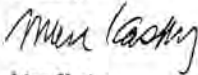
Congresswoman Nancy Pelosi
October 21, 1993

- Generated over \$43 million per year in wages and services for the local economy as a result of the activities at Fort Mason Center. (In 1992 we were honored at a luncheon by the Commonwealth Club of San Francisco, the San Francisco Chamber of Commerce and others in a "Business Salute to Fort Mason Center." William Reilly, Administrator of the Environmental Protection Agency, was the guest speaker.)
- Hosted visitors from over one hundred foreign countries and dozens of United States cities who wished to replicate the success of Fort Mason Center in their communities.
- Hosted international exhibits from Russia, China, Italy, Japan, Mexico, Austria, Ireland and other countries in our extraordinary exhibition facilities.
- Developed such a high degree of public support that, at a time when many public institutions are under severe criticism, there has been virtually no negative publicity about Fort Mason Center.
- Significantly, since 1980 we have operated Fort Mason Center entirely from the rents paid by organizations presenting their activities in our facilities. Not only does earned income cover all of our operating costs, but each year we budget 8-12% of our earned income to invest in permanent capital improvements to National Park Service property.
- Established a solid enough reputation in the business community that we were able to borrow \$5 million from the Bank of California during the past few years to accomplish important capital improvements to the buildings. This, without us owning the buildings, the improvements having any appreciable assets or having Board members co-sign.

We are understandably proud of these and many other accomplishments, and of our successful relationship with the National Park Service/GGNRA. We believe there are strong reasons to expect that much greater success is possible in the Presidio, with greater benefits for the public, the National Park Service, the nonprofit community, and the business community. I urge strong support for the development of the Presidio as an addition to our outstanding national park system. I believe we will be proud of what is accomplished there well into the twenty-first century.

Thank you.

Sincerely,



Marc Kasky
Executive Director

NATIONAL JAPANESE AMERICAN HISTORICAL SOCIETY

October 22, 1993

Honorable Bruce Vento, Chairman
 Subcommittee on National Parks, Forest and Public Lands
 U.S. House of Representatives
 Washington, D.C. 20515

Dear Congressman Vento:

The conversion of the Presidio of San Francisco into the Golden Gate National Recreation Area has been followed with great interest as a model of effective transferring of former military base into civilian use.

The National Japanese American Historical Society, headquartered in San Francisco, strongly supports the introduction of legislation by Congresswoman Pelosi and Senators Boxer and Feinstein to make this transfer a total reality.

The Presidio of San Francisco is historically an important landmark for Japanese American experiences. The internment orders issued by General John DeWitt to remove and confine all persons of Japanese ancestry living in the West Coast states during World War II were issued from here. Also the very first Army language school to train American soldiers in the Japanese language was begun in a hangar at Crissy Field. This school begun on November 1, 1941, was the origin of the now famous Defense Language Institute.

The value and success of the Japanese American linguists in the Military Intelligence Service was confirmed in the following statements:

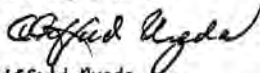
"Never in military history did an army know so much about the enemy prior to actual engagement."

General Douglas MacArthur,
 Commander in Chief of Southwest Pacific Area.

"The Nisei (Japanese Americans) saved countless Allied lives and shortened the war by two years."

Major General Charles Willoughby,
 G-2 Intelligence Chief of MacArthur's Command.

Sincerely yours,



Clifford Oyeda,
 President, National Japanese American
 Historical Society.

SIERRA
CLUB



730 Polk Street San Francisco, CA 94109 415-776-2211 Fax: 415-776-0350

October 26, 1993

Honorable Nancy Pelosi
House Office Building
Washington, D.C. 20515

Dear Congresswoman Pelosi:

The Sierra Club has followed closely the existing legislation and planning for the National Park Service for conversion of the Presidio into a national park. The passage of H.R. 3286 is absolutely necessary to permit leasing of the 500 odd historical buildings and retention of the revenues within the park that sets the stage for use of the Presidio as a national park without being too costly to the United States taxpayers.

But H.R. 3286 alone is not enough. Further legislation is required to insure the longterm sound financial management of the Presidio. The National Park Service does not have the experience in managing buildings and attracting and managing tenants and programs for a large project such as the Presidio. And by law these historical buildings must be maintained.

What can be done about this unusual situation? Through the Presidio Council, the National Park Service has had the benefit of preeminent economic and management consultants, McKinsey and Company and Keyser Marston and Associates. They have produced a document showing that the Presidio can best be served by a Congressionally-chartered, not-for-profit public benefit Presidio Foundation or Presidio Corporation. Such a corporation or foundation would employ qualified professionals who can effectively and efficiently meet both the public's goals and the needs of tenants.

The Fort Mason Foundation in the Golden Gate Recreation Area serves as a successful management model. It manages hundreds of tenants and activities at minimal public cost. The Pennsylvania Ave. Development Corporation is somewhat similar in size to the prospective Presidio Corporation; it also financed capital improvements through debt—an ability needed by any large business.

In order to be successful, the Presidio needs to have tenants, programs and activities oriented toward the future. This will increase the value of the Presidio and decrease its cost to the American public. The Presidio should be held fiscally accountable to Congress.

The Sierra Club urges that legislation be introduced so that a balance of public landlord and private manager can make this unique complex and magnificent American treasure a successful and sustainable national park as part of the Golden Gate National Recreation Area.

With warm regards,

Edgar Wayburn, M.D.
Vice President



THE WILDERNESS SOCIETY

CALIFORNIA/NEVADA REGIONAL OFFICE

October 15, 1993

The Honorable Nancy Pelosi
U.S. House of Representatives
240 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Pelosi:

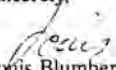
On behalf of the 300,000 members of The Wilderness Society (TWS), I would like to thank you for your hard work to facilitate a smooth transition for the Presidio of San Francisco from a military post to the Golden Gate National Recreation Area.

From both a natural resource standpoint and a historical perspective, the Presidio is a national jewel that deserves status as part of the National Parks System. As part of the only United Nations designated Biosphere Reserve that is located within an urban area, the Presidio has the potential to play a very significant role in demonstrating practical and sustainable solutions to the environmental problems faced in urban areas throughout the world.

Because of its spectacular location, perched literally on the Pacific Rim, the Presidio is a natural place to convene the world's best thinkers to tackle the international challenges of the twenty first century. As the centerpiece of the nation's largest urban park, the Presidio's intensive use by visitors from around the globe will offer an opportunity to offer programs to an audience of unprecedented diversity.

TWS believes that a smooth and cost effective transfer of the Presidio to the jurisdiction of the National Park Service is important. We are confident that your efforts will be successful that the unique resources of the Presidio will be preserved and enhanced for future generations of Americans to enjoy. Keep up the good work.

Sincerely,


Louis Blumberg
Assistant Regional Director



National Parks and Conservation Association



STATEMENT OF

**MR. DALE CRANE
NORTHWEST REGIONAL DIRECTOR
NATIONAL PARKS AND CONSERVATION ASSOCIATION**

**SUBMITTED TO THE
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
HOUSE COMMITTEE ON NATURAL RESOURCES**

ON H.R. 3286

OCTOBER 26, 1993

Mr. Chairman and members of the subcommittee, my name is Dale Crane. I am the Northwest Regional Director for the National Parks and Conservation Association (NPCA), a nonprofit citizens' organization dedicated to the protection and enhancement of the National Park System. On behalf of our Association's 350,000 members, I am pleased to testify in support of H.R. 3286, legislation to provide for the management of the Presidio by the Secretary of the Interior.

NPCA testified before this committee in May 1972 in favor of the establishment of the Golden Gate National Recreation Area. An important part of that testimony was our strong support for the provision to require lands administered by the U.S. Army to be transferred to the National Park Service when those lands became excess. In our testimony we said:

"We believe the entire Presidio should be designated as part of the NRA, and that the Army should be moved out entirely from this area."

That has now happened and NPCA continues to believe the Presidio will be an outstanding addition to the National Park System.

The Presidio is the oldest continuously operated military base in the United States. The area has been and is the central core and a major element of the fabric of San Francisco, woven into the city just as history of the Presidio is woven into every major military conflict of our Nation. Also, the Presidio is a significant natural area of great scenic and scientific value to the region.

The Presidio is a great natural area in it's own right and more importantly is the only example of a site that reflects the living, changing history of North America since the days of Spanish colonialism. In every respect, the Presidio deserves our best efforts to maintain it's character and integrity and to continue the role of this special place as a center for the best efforts our

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PRINTED ON RECYCLED PAPER

society can make in education, international cooperation, environmental protection, and above all responsible private enterprise.

NPCA strongly supports the concept of deriving income from Presidio facilities to make the unit as self-supporting as possible. There will be many arguments against expanding the authorities of the National Park Service so that the Presidio can become a self-supporting addition to the system. All such arguments will be trivial in relation to the importance of what is to be protected. There is simply a need to maintain this remarkable resource as a living viable part of our society with a minimum expenditure of public funds. H.R. 3286 will permit that to happen. Any other course of action would either result in the loss of this incredibly valuable resource or place undue burdens on the Federal Treasury.

The Presidio is a major resource with all of the attendant problems associated with managing over 500 buildings; water, sewer, roads, and electrical systems; and providing security, public safety and administration. The flexibility provided by H.R. 3286 will allow the Park Service to lease existing structures at the Presidio to obtain the funds needed for maintenance and operation.

NPCA strongly supports the proposed leasing program and the authority to return that income directly to maintenance and operation of the Presidio. This idea has worked well on a smaller scale with the historic buildings leasing program of other national park units, and will work well at the Presidio. Without such a program there will be no income, and the costs for minimum protective maintenance of the area would severely deplete available Park Service funds. Letterman Army Hospital and the associated LAIR research facility cost \$1.3 million annually to maintain as empty structures. At the same time, the University of California at San Francisco is seeking to use the structures but cannot because the Park Service has no authority to lease them.

NPCA is not in favor of giving NPS leasing authority just to occupy empty structures. The past role of the Presidio in human conflict dictates a future role as a national center for those who would seek a better world by addressing critical educational, social, cultural, economic and environmental challenges. The National Park Service has made this concept a theme of the Presidio Master Plan which we support.

However, we do have concerns about the capability of any federal agency to manage such an extensive real estate leasing operation. While it is necessary for the National Park Service to set policy and protect the federal investment, they need not have day-to-day operational control. The National Park Service is an outstanding agency made up of dedicated men and women who give far more to us than our government gives them. However, they are not trained or experienced in leasing programs, nor are the laws and regulations controlling the park service designed to allow the flexibility and quick response needed to proficiently manage Presidio real estate. For these complex reasons, we believe this legislation is a much needed first step, but additional authority should be given to allow establishment of a flexible quasi-public organization to manage income generating of the Presidio to the benefit and profit of us all.

Thank you, Mr. Chairman, for considering my testimony.

San Francisco Chronicle
Monday, October 18, 1993

EDITORIALS

Bringing Muscle To Presidio Plan

THE DAY WHEN the National Park Service was willing to accept a payment of only 75 cents out of every \$100 collected by a concessionaire on sales in Yosemite is fortunately past. A more businesslike approach is proposed for defraying the cost of converting the Presidio from a military post to a national park that will attract 10 million or more visitors a year.

A highly practical plan to help the Presidio on the way to self-sufficiency was offered in

*Much of
the expense
must be
borne by
tenants*

Congress last week by Senators Dianne Feinstein and Barbara Boxer and Representative Nancy Pelosi. They are urging a two-step approach: the secretary of the Interior would be authorized to lease out part of the park to rent-paying tenants, and a public-

benefit corporation would be designated to handle long-term financing and manage the 218-year-old Presidio's valuable real estate.

Many of the facilities presently restricted to military personnel will become available for use by the general public.

THE TASK WILL not be inexpensive. Though the Army has an obligation to clear away toxic wastes and repair much of the post's sadly deteriorated utility service, the remaining cost of turning a military base into a park is expected to be nearly \$600 million.

Much of the expense must be borne by tenants who will occupy a large share of the Presidio's 510 historic buildings. Some will come from concessionaires, while the cost of replacing Doyle Drive with a safer, low-level roadway is expected to come from gasoline tax funds.

The two California senators and Pelosi expect their plan should limit federal expenditures for the vast conversion task to \$25 million a year — an immense bargain. They are offering a convincing response to critics like Representative John Duncan, R-Tenn., who is leading an effort in Congress to block the entire effort.

San Francisco Examiner
Friday, October 15, 1993

Treasure by the Gate

The roll call of national riches is about to increase by one:
Add the Presidio of San Francisco, which now has a master plan

PEOPLE DON'T think of the Washington Monument as a local attraction. They don't consider Yosemite as just another California landmark. Nor should anyone regard the Presidio — which next year will become the country's newest federal park — as anything less than a national treasure.

Now there's a Presidio master plan worthy of the magnificent 1,500 acres overlooking the Golden Gate. The natural beauty of the site will be enhanced under the plan, to be published next week. The best of the current Army base will be preserved; the rest will fall under a bulldozer's blade.

Doyle Drive, now a dangerous eyesore, will be replaced by a graceful, ground-level boulevard taking traffic to the Golden Gate Bridge. Quake-damaged Letterman Army Hospital on the park's eastern perimeter will be torn down. So will 600 units of shabby military housing above Baker Beach.

Wetlands will be restored at Crissy Field. Native plants and new trees will take root.

There are no ugly surprises in the \$615 million plan. It lays out a common-sense blueprint for the future physical shape of the park. The intellectual vision for what will fill the park is, to be charitable, still coming into focus. Much of the financing is only a twinkle in an accountant's eye.

If the Presidio plan were an entertainer, you'd say he's handsome but can he play the piano? So far, there's not even a piano.

The park has signed up only two tenants — the Gorbachev USA Foundation and the 6th Army headquarters — but it needs \$360 million in rent and improvement funds over the next two decades. Such payments are crucial because of misguided efforts in Congress to strip federal funds from the park.

Park planners also face battles at home with Presidio neighbors, some of whom would like, unfairly, to preserve the park for butterflies only. This is a great national resource that must be seen and used by people. Solutions to problems such as traffic and parking can be worked out.

The park should be an economic boon to The City. It will add \$3 million to \$5 million a year in tax revenues, as well as providing 4,000 to 7,000 new jobs.

Imaginative uses have been suggested for the park, including a center for Pacific Rim studies or an environmental conference center. To date it's all talk.

Turning words into rent money is the next big step toward making the Presidio a success. UCSF is a likely tenant prospect. The med school desperately needs new space. Letterman Army Institute of Research is waiting with open labs. It's a great fit. UCSF could act as an intellectual magnet for other world-class institutions.

The Presidio master plan is a good start. Now everyone connected with the park must make sure its realization lives up to the paper model. San Francisco has a special responsibility as custodian of a great new national treasure.

PANEL CONSISTING OF ROGER KENNEDY, DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR; AND, IRA MICHAEL HEYMAN, COUNSELOR TO THE SECRETARY AND DEPUTY ASSISTANT SECRETARY FOR POLICY, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY DENIS GALVIN

Mr. VENTO. Congresswoman Pelosi, if you would, please join us at the dais for the remainder of the hearing.

I want to turn now to Roger Kennedy, Director of the National Park Service, Michael Heyman, Deputy Assistant Secretary, accompanied by Denis Galvin.

This is your maiden presence before this committee, but your extensive work informally and formally in terms of working with members has made a deep impression, positive impression, on this chairman and on many others. So we very much appreciate having a director that is engaged and involved, besides his role, of course, as director in leading this policy initiative in the Park Service. He also served on the Presidio Council, which helped formulate and explored the ramifications and responsibilities concerning the Presidio.

Director Kennedy, welcome.

And, incidentally, he is a native of St. Paul, Minnesota, the district I represent, which is inhabited by more Irish than Italian-Americans. [Laughter.]

Welcome, Director Kennedy. And your associate, Mr. Heyman, is also with you. And if you would prefer to have him testify in certium and then go to questions between the three of you, Mr. Galvin and Mr. Kennedy.

STATEMENT OF ROGER KENNEDY

Mr. KENNEDY. Thank you, Mr. Chairman and Mr. Hansen.

The plan that has been placed before you is the best endeavor on the part of the Park Service to provide for a businesslike progression from the management of a federal asset, which currently costs the taxpayers about \$70 million a year to the management of that asset at an annual cost to the taxpayers of about \$16 million a year.

That is what we are striving to do here in an orderly way which does, indeed, as you alluded to earlier, Mr. Chairman, sustain this magnificent place as it is.

I would like, if I may, to enter my formal testimony in the record and then speak with you a little informally, if I could.

Mr. VENTO. The statement is in the record.

[Prepared statement of Mr. Kennedy follows.]

STATEMENT BY ROGER KENNEDY, DIRECTOR, NATIONAL PARK SERVICE,
DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL
PARKS, FORESTS AND PUBLIC LANDS, COMMITTEE ON NATURAL RESOURCES,
HOUSE OF REPRESENTATIVES ON H.R. 3286, A BILL TO PROVIDE FOR THE
MANAGEMENT OF THE PRESIDIO BY THE SECRETARY OF THE INTERIOR, AND
FOR OTHER PURPOSES.

October 26, 1993

I appreciate the opportunity to appear today to present the position of the Department of the Interior on H.R. 3286, a bill to provide for the management of the Presidio by the Secretary of the Interior.

We strongly support H.R. 3286 with several amendments, and urge Congress to go forward with this legislation, which enables the Secretary to begin to manage the Presidio of San Francisco.

This bill would authorize a combination of innovative leadership and entrepreneurial management in turning the Presidio from a Post to a Park. As you know, the 1989 Base Closures Act identified the closing of the Presidio, although this decision was amended in 1993 to allow the Sixth U.S. Army to remain and lease space from the Secretary of the Interior. By the terms of the 1972 enabling legislation for Golden Gate National Recreation Area (GGNRA) the Presidio will be incorporated within its boundaries. However, the Department of the Army advises that a technical amendment may be necessary to authorize the transfer of Presidio property. We are currently working with the Department of the Army regarding this technical amendment and to ensure that any final lease arrangement includes terms that are at least as beneficial as those available to the Sixth U.S. Army elsewhere. We will be reporting back to your committee once these issues have been

resolved.

There are occasions in which an opportunity is so palpable, a time for action so precisely apparent, and a place so right that even our contentious species cannot and will not lose the chance to achieve a grand result. So it is now with the creation of a national environmental park and study center in the Presidio.

The opportunity is the sudden availability of the most beautiful and historic large open urban space in the world not already set aside as a park. The time is now: national, State and local authorities are in concert with the philanthropic and academic communities and the citizens of the area. All desire the maintenance of open space and the use of the constructed environment to create, in place of a military base, a new and permanent installation serving a peaceful world. Such moments of fundamental consensus do not hang suspended for long.

The Presidio has a history which implies its future. It lies upon a maritime frontier, and it also lies at the verge of California, another kind of frontier. People were drawn to California by the prospect of mineral wealth extracted from the earth and by less glittering but longer lasting opportunities for agriculture in affinity with the earth. The Presidio is, therefore, an ideal setting in which to consider how we must live in intersections and inter-relationships with both the natural and constructed environments.

The Presidio was also the headquarters of a fortress. It invites conversion from a citadel of military apprehensiveness to a center of intellectual growth and beneficial, peaceful change.

The Presidio is a community within a park within a larger community. This wonderful concentricity invites us to create models of successful sustainability. We are reminded that each of us is placed in human life within the concentric circles of relationship to others and to the natural world.

The Presidio can provide housing, office space, laboratories and auditoria, meeting rooms, medical facilities and space to think about how to achieve an ecologically respectful world community. Effective thinking about a future that may be better than the present necessitates rigorous analysis of the past, and the presence of fellow thinkers who can apply experience to an energetic determination that the future will, indeed, be better. One of the joys of the Presidio process is that there are such people already engaged in that endeavor.

In 1972, Congress recognized the park potential of the 1,480 acres at the Presidio. At that time the landmark legislation for urban outdoor recreation at Golden Gate National Recreation Area was drawn to include the Presidio, saying that, at such time as the Presidio is surplus to the military, its historic, natural and recreational values shall be transferred to the Secretary of the Interior for administration as part of the recreation area.

For more than 200 years, since its founding in 1776, the Presidio has been a military post. Its architecture represents a remarkable collection of structures dating from the Civil War. At the same time the Army was building the campus of Ft. Scott on the high point of land overlooking the Golden Gate, cavalry soldiers were riding out to protect Yosemite and Sequoia National Parks from a glen below Ft. Scott on the Presidio. The entire Presidio was declared a National Historic Landmark in 1962.

The Presidio offers opportunities for a wide range of contemplative and active

recreation pursuits. There are spectacular vistas of the Pacific Ocean, the Golden Gate, the Marin headlands, San Francisco Bay, and the skyline of San Francisco. The Presidio is operated now as an open base, and visitors hike, bike and tour its scenic trails and drives. The National Park Service currently manages the coastal rim of the Presidio as parkland, where more than 3.5 million visitors a year walk, jog, bike, sightsee, surf, sail, fish, and learn about history. Coastal attractions include Baker Beach and the bluffs along the oceanfront, Fort Point National Historic Site beneath the Golden Gate Bridge, and the Crissy Field shoreline and Golden Gate Promenade on San Francisco Bay.

Since the 1989 announcement of the closure of the Presidio as a Post, the National Park Service and the Army have worked together developing a transition strategy. We are making substantial progress in upgrading facilities and repairing structures. Throughout, we have enjoyed good cooperation with the Army and operated this complicated transition based on a series of sub-agreements.

Simultaneously, the Park Service has had on-site planners developing a General Management Plan Amendment to establish the concepts under which the Presidio could be converted. Through the planning process, we are working with community groups and coordinating with others to obtain the broadest range of public input to the plan. A draft of this plan was released and presented to the public October 21, 1993.

H.R. 3286 would provide the Secretary with authority to negotiate leases with organizations whose activities and programs are consistent with the purposes of Golden Gate National Recreation Area, as expanded by this Act. This bill would also provide for reinvestment of lease income in the preservation, restoration, maintenance, repair and improvements in the Presidio properties. Similar to other programs supported by direct

expenditures, the Secretary would prepare annually for inclusion in the President's budget information outlining and justifying how Presidio revenues will be spent. There is an immediate and urgent need for these authorities. The Defense Department has agreed to turn the Presidio over to the Department of the Interior on October 1, 1995, and authorization is needed now to begin to negotiate and sign leases with tenants.

The authorities now available to the Department lack the flexibility to accomplish these goals at the Presidio. This legislation is a cost-effective, revenue enhancing move towards self-sufficient operation of the Presidio. During the 1980's the operating budget for the Presidio by the Army ran as high as \$70 million. As a unit of the National Park System, operating expenses are projected to begin at approximately \$27 million and decline over time to \$16.2 million each year; these figures reflect the reduction in budget needs created by the income projected from leases.

Projections indicate that the total annual funding needed for both operating expenses and capital investment for the Presidio as a part of the National Park System will begin at approximately \$29 million for the period 1995 to 2009; beyond 2009 the annual need is projected in the \$16 million range. Again, these figures reflect the reduction in budget needs created by the income projected to be received from leases.

We recognize that the Presidio is an opportunity to operate a park in a manner that will reduce, not increase, discretionary public expenditures over time. A pivotal section of the planning process has been the privately commissioned economic analysis by Keyser Marston Associates. It assesses the financial feasibility of this strategy for management of the building assets of the Presidio.

We do recommend four technical corrections in the legislation. First, the final sentence of new subsection 4(g)(1) should be amended to read, "The Secretary may further in his discretion negotiate and enter into leases or other appropriate agreements with any federal agency or organization to house that agency's or organization's employees engaged in activities o'r programs at the Presidio." This would make it clearer that only employees of agencies with activities or programs at the Presidio may lease housing on the Presidio, and this applies to both Federal agencies and all other organizations. Second, we note that the authority provided by the proposed addition of Section 4(g)(4) to the GGNRA enabling legislation is unnecessarily broad and should be more specifically defined to waive only 40 U.S.C. 303b which addresses the leasing of Federal properties. Third, the Federal Emergency Management Agency, a present tenant of the Presidio, should receive the same consideration as the Sixth U.S. Army with regard to interagency permitting or leasing agreements at least through fiscal year 1995. Finally, new section 4(g)(5) should be amended to add the word "operations," between the words "restoration" and "maintenance."

Consistent with the Post's history, the Army will have a continuing presence at the Presidio. However, a diminished military presence opens opportunities for new and complementary uses of these extraordinary resources. This legislation will permit the development of partnerships that support the preservation of important natural and cultural resources while increasing recreation opportunities for urban residents, all in a cost-cutting way that will generate offsetting receipts.

This concludes my statement. I would be pleased to answer your questions.

Mr. VENTO. Members will have that available. And you may proceed.

Mr. KENNEDY. This is a federal asset. It is there. The question before us is what is the responsible way for us to deal with it and over what period of time and with whose help?

The wonderful thing that has been happening in the last year or so is that the citizens of San Francisco and citizens of the whole nation have been meeting together to try to answer those questions, very fully conscious of the fact that the numbers are very large, the problem is very complex, and we want to get there in a way that keeps the costs down while doing something new that is important to the whole country.

We are proposing a national park of national significance. So we have been drawing upon, in the short term, the best talent in and out of the Park Service that we could find with the assistance of the Presidio Council and other citizens, not just of San Francisco but of the nation. I think this is the key to the process we are proposing, over the long haul we do not assert that all wisdom, judgment, and experience reposes in the National Park Service.

One of the reasons for there being a public and private partnership, whatever the ultimate term may be, foundation or whatever, we know that perfectly well this is a major national undertaking which requires the best brains and talents we can assemble on the public and the private side. It will only work that way. And that is why both on the short haul we have been working with a lot of people, not just in the community. But in the long haul it is essential that we sustain that process of interaction.

Further, as the earlier questioning it seemed to me underlined, this is not a circumstance in which we are coming to you saying, we have all of the answers. We are as troubled, Mr. Hansen, as you are at the implications for the national park system as a consequence of this undertaking. We have come to you with what we think is the best, most economical, most orderly process to get from a very large annual public expenditure to a smaller one and do better by the place as a consequence.

If I may, I would like to read a page-and-a-half of what I wrote myself as a part of these kinds of long testimonial documents. Because I believe, better, of course, in my own effort to state for you why I think this is worth doing. And I would like to do that now if I may.

There are occasions in which an opportunity is so palpable, a time for action so precisely apparent, and a place so right that even our contentious species cannot and will not lose the chance to achieve a grand result. Not a little one, not just deal with the problem, but achieve a grand result.

So it is now with the creation of a national environmental park and study center in the Presidio. The opportunity is the sudden availability of the most beautiful and historic large, open urban space in the world not already set aside as a park. The time is now, because national, state, and local authorities are in concert with the philanthropic and academic communities and the citizens of the area. That does not happen everywhere.

All of these people desire the maintenance of open space and the use of a constructed environment to create in place of a military

base a new and permanent installation serving a peaceful world. These kind of moments of fundamental consensus do not hang suspended in this nation or any other nation very long.

The Presidio has a history as well as a present. And that history implies the future. It lies upon a maritime frontier looking westward. And it also lies at the verge of California looking eastward toward another kind of frontier. That is significant. This is a real particular, wonderful place.

People are and were drawn to California by the prospect of mineral wealth extracted from the earth and by the less glittery but longer lasting opportunities for agriculture in affinity with the earth and the Presidio is therefore an ideal setting in which to consider how we must live in intersections and interrelationships with both the natural and the constructed environment.

This is a place where people have been in habitation for thousands of years but, in particular, the people we know a lot about have been there for 150 years doing things, including the construction of some national landmark buildings.

Now, the Presidio was the headquarters of a fortress. This is a base closing. It invites conversion from a citadel of military apprehensiveness to a center of international growth and beneficial peaceful change.

The Presidio is astonishing in some of its qualities. They are not like anywhere else. This is a community within a park. There are people living in a park and the park is within a larger community. It is a wonderful concentricity that invites us to create models of sustainability. We are reminded that each one of us is placed in human life within the concentric circles of relationship to others and to the natural world. Nowhere else, nowhere else in this country, is there a human community with a real history creating important built assets in the midst of a park and in the midst of a larger community.

The community, this is not just San Francisco, this is not just the Bay Area. There is nothing like this in the world.

The Presidio can provide housing and office space, laboratories and auditoria. You see, it has already got some of those things. Meeting rooms and medical facilities and space, perhaps most important, space to think about how to achieve an ecologically respectful world community.

It was at the outset in 1972 considered by a group of—not just a single community, but a group of congressional communities on a bipartisan basis to be the core of a new undertaking serving the country and the world. What has happened subsequently is that the citizens of this larger community have come together with a sequence of plans to make the fullest human use of this marvelous place.

Effective thinking about the future that might be better than that represented by all of those big guns, better than the present, necessitates a rigorous analysis of the past and the presence of fellow thinkers who can apply experience to an energetic determination that the future will indeed be better.

It is one of the marvels of the Presidio that it is a place that expresses both the American frontier, maritime and terrestrial, but it is also a place in which the community has come together with

a whole new set of ideas about how you use a national and international park to improve the condition of mankind in manageable, economically sensible terms. That is pretty wonderful.

And I guess the reason that we are here with passionate enthusiasm which brings us here is that we want to get on with this.

The General Accounting Office and we taxpayers share some apprehensions about this process. And the only way to answer those apprehensions is to get on with it. Let's see how it leases up. Let's find out what the go/no-go points are in a businesslike way. Let's listen to the alternative ways of using this land.

That, Mr. Hansen, is exactly why there is a plan out there for people to shoot at. Of course that's what we should be doing. Of course we do not know all of the answers.

The numbers are big. Let's stipulate that. Of course they are. We have not locked up the tenants. How could we lock up the tenants without leasing authority?

In fact, not only do we welcome, we desperately need the kind of intelligent oversight on the part of the Congress and the Department of the Interior which will be forthcoming anyway. That is a very good thing. Oversight sometimes brings some good ideas. It isn't just a process of working somebody over that already has the ideas. We can use them. [Laughter.]

And, finally, we are delighted that the Army has such a passionate interest in sustaining its role in this facility. That is something that we have anticipated. We have been working with the Army continuously, not just over recent months but most intensely over recent weeks.

And my friend and colleague, Mr. Heyman, can tell you whatever more you would like to know about that. And I will strive to answer any questions of detail that I can. And my colleague, Mr. Galvin here, knows a lot more than I do on this and most other subjects.

Mr. VENTO. Thank you, Director Kennedy, for recognizing our eminent good sense in terms of oversight. If contentious is a good sense.

We are pleased to welcome, as you indicate, Mr. Michael Heyman, and I understand the former Chancellor of the California Higher Education System. He is now the Deputy Assistant Secretary for Policy Management and Budget of the Office of the Department of the Interior and had, in fact, an extended duty working with the very topic of the Presidio.

We are, to say the least, outgunned in terms of the expertise from those of you who have been working some years on this task. We look forward to further questions after Mr. Heyman's testimony.

Mr. Heyman, welcome.

STATEMENT OF IRA MICHAEL HEYMAN

Mr. HEYMAN. I don't know if you promoted me or not. I was the chancellor of the University of California at Berkeley. Less than the whole state. But there are those at Berkeley who think they run education in California.

I must say that my friend Mr. Kennedy here is a tough act to follow. I thought I had learned lessons about when to testify and

when to speak in relationship to those who preceded me. I will know in the future that I should go first and let him go second.

But I speak here in my capacity as counselor to Secretary Babbitt and so my testimony is from the perspective of the Department more than it is from the perspective of the National Park Service.

When the administration took over last January, we inherited the decision that Congress made in 1972 to transfer the Presidio to the Park Service should the Presidio be closed as a military base. That congressional decision was made in an era of less resource constraint than now. Frankly, Interior was delighted with the opportunities created by the decision, but was disquieted by the apparently heavy financial obligation on Interior that was being created in an era of virtual ceilings on federal appropriations. And, of course, those obligations come substantially from the existence of and the need to preserve the Presidio as a very important historical landmark with hundreds of structures of historical significance.

As the Chairman stated, that fact imposes an obligation on all of us and certainly on the Department of the Interior. We were heartened by the probabilities that restoration and operating expenses could be offset by substantial rental revenues that could be available from tenants whose use of structures would be consistent with a somewhat expanded but it seemed to us very exciting set of purposes for the National Park Service.

I want you to know that the basic idea of this interaction between private sector and public sector was conceived and elaborated in a set of interactions between the Park Service plan in the Presidio Council, that group to which Congresswoman Pelosi made reference. I do not want to gild that lily too much, saying that for some time I was a member of that Presidio Council. So I did see this from the viewpoint of, if you will, a number of others who were eminent members from around the country knowledgeable about parks, design, financing, management, philanthropy, environmental protection, and other relevant topics. And they served pro bono.

The reason that I bring this to your attention and also tell you that that group was funded by private foundations is that that was really an example of what we hoped for for the future. That was an example of private-public interaction where substantial amounts of money were raised by the private sector which went into the support of the drafting of this whole plan that is being brought to the public's attention.

Now, you know the bill before you would invest the Secretary with interim leasing agreement authority. That is a little subject in relationship to this big one about which we are speaking. But it is really important that the Secretary get that authority if we are to proceed. Because we want to start soon.

It was emphasized previously that there is a certain skepticism about whether there really are tenants out there. The Director says, give us a chance to find out. I think you will find later that there are prospective tenants out there, but we can hardly negotiate with them before at least this plan went public and we start to get comments back with regard to alternatives. But also because we don't have the relevant authority, and we can speak about that later in detail if you wish. But that is why we are here today.

Now, OMB tells me that I must say the following, and I think that I am happy to do so. I assure you that we will be fully accountable for the expenditure of revenues raised from Presidio leases. Like other direct expenditure accounts, the Secretary would prepare annually for inclusion in the President's budget information outlining and justifying how Presidio revenues would be spent. Expenditure of these funds will follow normal financial accounting procedures and be subject to usual GAO and Inspector General audit procedures.

We are optimistic in Interior about the potentiality of paying tenants. We know that Headquarters of the Sixth Army will be there and they will be a resource source. In addition, I can predict now that there are going to be other federal agencies that are going to be locating some aspects of their operation there.

In OSTP, an effort has begun to bring together agencies that might have an interest in relating to one another in a site like the Presidio. I seem to be chairing that. And I believe now I am beginning to get optimistic that other entities, and especially NOAA and a few others, are finding that they would like to bring some of their operations to the Presidio. And that, of course, lengthens the list, if you will, of our potential tenants.

Now you are going to be hearing from Mr. Keyser in terms of the nuts and bolts of the financing. I want you to know that we have looked at that carefully. We think that the strategy is feasible. It is based on a number of consultant reports by consultants of great reputation. And I want to emphasize that it is feasible; it is not a sure thing. And we do not know all of the answers yet.

Now, as that study indicates, the Secretary has made it clear to the Park Service that it will not have more funds than is presently being appropriated for Presidio purposes. In other words, funds in our base now.

We obviously believe that this is the most realistic and prudent course to take, given the present environment and the greatest stimulant to the Park Service to go on and get ahead with their leasing activities.

The Secretary fully endorses Director Kennedy's statement outlining the value of the Presidio. I really do not have to say more about that. We realize, of course, that there are risks associated with the venture, as with all real estate undertakings. The question is whether the objectives are worth taking the risk. And we believe that they are.

I would be happy to answer questions that you might propose.
[The prepared statement of Mr. Heyman follows:]

STATEMENT BY IRA MICHAEL HEYMAN, COUNSELOR TO THE SECRETARY AND DEPUTY ASSISTANT SECRETARY FOR POLICY, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS, COMMITTEE ON NATURAL RESOURCES, HOUSE OF REPRESENTATIVES ON H.R. 3286, A BILL TO PROVIDE FOR THE MANAGEMENT OF THE PRESIDIO BY THE SECRETARY OF THE INTERIOR, AND FOR OTHER PURPOSES.

October 26, 1993

My name is Ira Michael Heyman. I am here in my capacity as Counselor to Secretary Babbitt. My testimony in support of H.R. 3286, with amendments, complements that of the National Park Service -- but is offered from the perspective of the Department and the Secretary.

When this Administration took over last January we inherited the decision made by Congress in 1972 to transfer the Presidio to the National Park Service should it be closed as a military base. That decision, of course, foresaw the advisability of treating the Presidio as the final section of land tying together the Golden Gate National Recreation Area, should it become available.

The Congressional decision was made in an era of less resource constraint than now. Frankly, Interior was delighted with the opportunities created by the decision, but was disquieted by the apparently heavy government financial obligation that was being created in an era of virtual ceilings on Federal appropriations. The obligations come substantially from the existence of, and the need to preserve, the Presidio as a very important national historical landmark with hundreds of structures of historical significance.

We were heartened, however, by the probabilities that restoration and operating expenses could be offset by substantial rental revenues that could be available from tenants of the structures whose uses would be consistent with purposes of the Presidio under National Park Service jurisdiction. This basic idea was conceived and elaborated in a set of interactions between the National Park Service planners and the Presidio Council -- an organization established by the Golden Gate National Park Association to help bring national perspective and an array of expertise and experience to assist in the conversion from military post to national park. The Council has eminent members from around the country knowledgeable about parks, design, financing, management, philanthropy, environmental protection, and other relevant topics. They served pro bono. The Council's funding came from private foundations. The cooperative exercise was a good example of public-private cooperation for the public good. The Council's recommendations echo that public-private interplay.

The product of that cooperation is the draft General Management Plan that has just been circulated. This draft suggests that a future Presidio landlord could rehabilitate and lease buildings to generate a rental flow that would cover a fair portion of the operating costs of the Presidio.

Today, the bill before you would invest in the Secretary interim leasing and agreement authority to facilitate a smooth transfer of stewardship responsibilities

at the Presidio. Moreover, it would permit the Secretary to retain revenues thus generated to defray various expenses that would otherwise be cast on the Federal Government. We believe that unambiguous authorizing language is useful because leasing authority available is ambiguous. Additionally, of course, we presently have no general authority to lease all of the properties or to retain revenues and thus we would have limited resources to defray expenses.

I assure you that we will be fully accountable for the expenditure of revenues raised from Presidio leases. Like other direct expenditure accounts, the Secretary would prepare annually for inclusion in the President's Budget information outlining and justifying how Presidio revenues would be spent. Expenditure of these funds will follow normal financial accounting procedures and be subject to usual GAO and Inspector General audit procedures.

We are optimistic about the potentiality of paying tenants. Headquarters, U.S. Sixth Army, of course, is remaining at the Presidio and their presence will generate an important revenue flow as well as be consistent with the military history of the Presidio. In addition, other Federal Agencies and private nonprofit and for-profit entities are showing considerable interest.

The proposed draft plan is accompanied by a Leasing and Financing Implementation Strategy. Mr. Keyser will talk about it during this hearing. We at

the Department level, of course, have looked at it carefully and we believe that the strategy is feasible. As that study indicates, the Secretary has made it clear to the National Park Service that it will not have more funds than is presently being appropriated for Presidio purposes. We believe that this is the most realistic and prudent course to take given the present environment and future outlook for Federal budget expenditures.

The Secretary fully endorses Director Kennedy's statement outlining the value of the Presidio as a place of great national significance, it will be visited by hundreds of thousands from all over the world, it can host synergistic activities of government and nongovernmental and international organizations dealing with environmental and sustainable developmental activities, and it can generate significant revenues to offset Federal obligations.

Mr. VENTO. Thank you for your comments. I apologize for giving you too much or too little recognition, as the case may be, depending on the Berkeley versus California perspective. I didn't need that debate today. [Laughter.]

I think it is important—

Mr. HEYMAN. I am never sure, Mr. Chairman, whether it is wise to say that I am from Berkeley, but nevertheless I had to be honest with you.

Mr. VENTO. I remember taking my constitutional law as an undergraduate from a professor that was from southern California and, of course, recognized immediately in the middle of the Midwest there was some phenomena going on on the West Coast that I was not aware of. [Laughter.]

In any case, I think the issue here, of course, is—and I want to make this clear to everyone—the purpose of bringing this legislation before us. It is to optimize the opportunity of the national government through the Park Service to maximize revenue, to reduce the overall costs to the Park Service and to the taxpayer of the operation of the Presidio as it is already incorporated by law into the Park Service. Is that correct, Director Kennedy?

Mr. KENNEDY. Yes, sir.

Mr. VENTO. I think it is important. There is a suggestion, obviously, in the process of this, and it is only appropriate that we get involved in more of the oversight, maybe set some benchmarks, as you have indicated in terms of goals that we would like to do. You welcome that particular type of oversight, I expect.

But I think we have to understand if for instance this particular measure were to be overloaded to the point of sinking it, the only prospect would be that the Department of Interior would not have the tools that it needs to facilitate a reduction in costs and a more efficient leasing of this particular 1,500 acres which is—as my colleague had indicated is the smaller part of the 70,000-acre GGNRA area.

The other point I would make is that this is not the first military facility that has become part of a park. We apparently have a penchant for inclusion into the park system of military properties. One that comes to mind is Hot Springs, Arkansas, and cemeteries in areas that have become parks. The Little Big Horn was operated by the military. Even the revered Yosemite and Yellowstone, when first conceived as reserves, were actually maintained by the military.

So, as you see, this continuum of activity that has existed at least historically between the military role, either as active bases or some guardianship role in terms of protecting resources being passed over into a conservation management of those resources. And here, of course, there are cultural historic resources as well as natural attributes which are unique.

I think it is imperative that we discuss to some extent the amount of building space. This seems to be the most contentious. And I think at the outset, even though there is a tremendous change taking place in terms of the base closing, the Park Service and the plans that have been recommended, A, B, C, and D, all make suggestions about what to do with regards to the space.

At the onset, I think it is important to note that the Park Service or the plan also includes the public health facility. I believe it is referred to as being included. Now, that is not part of the base relocation. It is part of the Presidio.

But in terms of making the order—and I think frankly Congressman Burton never conceived that in 1972 the Presidio would be closed. I think what we expected at that time, as I recall, looking at the site, is that there would be a gradual withdrawal from certain areas and this would go into the GGNRA. And some of these areas are natural open spaces that eventually would be absorbed into it.

But anyway, that probably would better be defined by Judy Lemons than myself. But the point is that, in any case, one parcel of that is kept out of it. You are saying, include that in. And that, I think, is important that my colleague and I understand that.

Mr. KENNEDY. Sure. We think it should be in because the primary reason is that, on a businesslike basis, it may very likely turn out to be that when we have sought tenancy, an income provider toward the sustaining of the rest of this aggregate of uses, it is an asset that can be put to useful work. It also sits at the top of an ecologically significant streambed, as I understand it. So we do not want that fussed with in a way that is going to destroy the natural qualities of that area because we are responsible for that too.

Fundamentally, that is a good example of the process we are seeking to achieve here. Let's look at each of these assets, see what can be done with it. We think that asset can turn out to be an economic asset and sustain the environmental circumstances that it determines. We could be wrong about that, and then we will have to take the next logical step to get rid of it. But we do not think that that is going to happen.

Mr. VENTO. Dealing with this in a holistic manner, you say it is an integral part, both ecologically and culturally, and you would like to leave that as an island, the public health center, as I understand. Would that be practical?

Mr. KENNEDY. Absolutely. Whatever the boundary lines drawn by people were over time, it is a part of an aggregate system. It now exists functionally as a part of an organism and cutting it out does not make any sense.

Mr. VENTO. It is a nationally owned resource; it is not private property. And so it is under the same mandate as the other parts of the Presidio. So that at some point when it is, in fact, vacated it would then flow to, under law, the 1972 law, to the Park Service. That is another reason, is it not?

Mr. KENNEDY. Yes, sir.

Mr. VENTO. So that is considered in here even though it is not immediately available. And I don't know whether we would have to legislate to deal with that. I don't know how we treat that.

Mr. Galvin, could you provide something?

Mr. GALVIN. The Interior Department believes it was public domain law withdrawn in 1978. It was part of the Presidio in the 20th century when it became a Marine hospital. And at least our solicitors believe that if it is excess for Army needs, it is returned to the public domain.

Mr. VENTO. But if it is not excess, then we have to legislate?

Mr. GALVIN. Even if it were excess to Army needs, I believe we could pick it up through existing surplus properties.

Mr. VENTO. It is a question of timing is what I am asking. Has it been excessed?

Mr. GALVIN. It has not been. The current status is that it is under lease to the city of San Francisco for 10 years.

Mr. VENTO. I see. And they are amendable to this particular action. But it may be that we need—I would yield to the gentlewoman.

Ms. PELOSI. If I may, Mr. Chairman, on another occasion we can have the city talk to you about that. But what happened was then Congresswoman Boxer and I, Senator Boxer now, was in her district at the time and it is in mine now asked that it be a dollar a year kind of a lease to the city. The city had hoped to use the public health hospital as an AIDS sort of hospice. However, the resources we were hoping to also get from the HHS appropriation were not granted. And as you know, there were no earmarks and there were not sufficient funds to help in the conversion.

Mr. VENTO. Not under Representative Natcher's bill?

Ms. PELOSI. We did get the money put in for such a hospital and its conversion and the definition was very clear in the report language. But the department decided that they would put it out for grants and we got \$35,000 instead of \$6 million.

Mr. VENTO. And to let me just back up then, the other thing that I think is a question before I recognize my colleague from Utah, is looking at the 6.3 million square foot area, are there ways that would be less expensive? Are there ways that would be less expensive than Alternative A? For example, if we just secured all of the buildings, boarded them up? You know, obviously, I think that there is something that is impractical. It would run roughshod.

But what I am trying to establish here, this is a national asset. It is either going to be held by the US Government and the Department of Defense or by the Park Service. That is, of course, the policy path that has been hammered out.

So this decision has been made. This is part of the park. It is a decision that we necessarily have before us today.

There may be those that want to argue that these assets should be sold to the city of San Francisco or given to the city of San Francisco for their purposes. Or they should be sold to a private party, to the highest bidder for whatever zoning and construction they can get.

But the fact is, is there a way that would be less expensive than, for instance, Alternative A that you have proposed? Or do you have no opinion on that?

Mr. Kennedy or Mr. Heyman?

Mr. KENNEDY. We don't think that there is a less expensive way to sustain the historically significant buildings in this property. You could obliterate them, which would be a bad idea in our view. The obliteration scenario is a feasible one if you want to ignore the historic value of this place.

Also, to sustain this kind of an urban park, you have to have people in it doing things. You do not want an empty space inviting other kinds of difficulties. So in order to sustain the federal—the country's assets in this place, we think that this is the least expen-

sive way of doing it, which is in fact to lease out as much of it as you possibly can for beneficial uses, thereby sustaining the structures and the total ambience pretty much as it is.

Mr. VENTO. Mr. Heyman, my own view is that the value of this property is really in a sense priceless in terms of even the leases and the other activities. And I am a little concerned. I mean, I would like to know what the challenge would be in terms of actually making this run with a minimal amount of Park Service or national government dollars because of the value of the leases and what you are doing there.

Do you want to comment about that? Why don't you answer the first question.

Mr. HEYMAN. Let me say that there was one estimation made of what it would cost to run the Presidio, mothballing the structures and just dealing with the open areas. And I guess security on the structures. And that was about \$24 million a year in operating expenses.

Now the plan that the Park Service has come up with, or at least the preferred alternative if it works, is going to get us down to \$16 million a year in terms of federal appropriations. So I guess if you look at it for a long enough period of time, you would find that it is more expensive than it would be to use.

And that, of course, assumes that the program that the Park Service has come out with will be a successful program. But it would seem to me at least that given those alternatives, and given the added value that comes by occupation, use, and bringing people together, that it would not be sensible to mothball and operate it in that fashion.

Mr. VENTO. I concur. But I think it is important that, you know, we at least start out. It seems pretty basic to both of you. But I think it is important to understand what it would cost if we chose to do nothing. And the point is what you are testifying is that there are estimates that it would actually be more.

To me, to deal with one of the most expensive real estate markets in the nation, San Francisco, and to suggest that you would not use these properties in a way that would provide adaptive use consistent with the responsibilities for cultural and historic resources, it would be one thing if we're dealing with GSA and they owned this. But the Park Service, to repudiate the cultural and historic values, would be, to say the least, unprecedented.

Mr. HEYMAN. Mr. Vento, may I add one thing here? That is that I just forgot what it was that I was going to say. [Laughter.]

Mr. KENNEDY. I think what my friend was about to say is we believe that Alternative A is the least expensive to the federal taxpayer of any other way of dealing with this property, period.

We believe that the process of acquiring other tenancies through the full exertion of the public-private partnership is not only the best way to get the cultural and the natural values served, but the best way to keep the bill to the taxpayers to the least amount. We believe that that is the preferred alternative. We think the economics are better. Yes, of course, there are a series of things that have to happen. We think the economics are better and we think the outcome, educationally and culturally and naturally, that outcome is better that way also than any other outcome.

Mr. VENTO. Mr. Hansen.

Mr. HANSEN. Thank you. I appreciate your enthusiasm for this project. It seems to be that you are totally sold on it. And it is nice that you feel that way when you make that kind of a proposal here.

You stipulated that the numbers are big, so I guess there's no argument there. We all stipulate to that. It seems like if we accept any of these that are in front of us by GAO or anyone, we're talking huge numbers.

I do not think I would stipulate to the other statement that said we're going to do this in a businesslike way. I think that if you were the president of XYZ Widget Company here and we were making that proposal, your proposal would have been entirely different. I think you would have said that we have so much money that we can spend, we have so many assets, and like most of us who have been in business, we know that we have to cut on occasion, we have to lay off people, which is rampant across America right now. And any smart businessman cuts immediately and cuts his capital and recoups his loss if he can.

Now, you are in a condition where you have been quoted all over the place. And I have often thought of this. In the Anchorage Daily News we talk about the desperate and disgusting condition of the parks. And you go into great detail about how bad they are. And that is a quote which I think is a very legitimate statement that you made, and I sustain you in saying that.

And so, in effect, you are asking that we just bring these things up to the bare minimum. You talk about housing, trails, no place for employees, trail marks, disrespectful. As a member of this committee, I make it a point to visit the parks. I am almost embarrassed to go talk to a superintendent now because it is a four-hour lecture, one-way discussion. I am hearing from him on how disrepaired the parks are, how bad they are, how we cannot keep them up. The jewel of Yellowstone, he says I need \$20 million a year even to keep these roads accessible. I cannot even keep people going.

And he says, you guys—cheap guys—he did not say it that way, but I can read between the lines—[Laughter.]

Mr. HANSEN [continuing]. He says, you folks are giving us \$7 million a year to take care of those.

You go down to the beautiful Grand Canyon, one of the seven wonders of the world, and you get the same thing. You cannot keep it up.

And so here we are talking about this thing. We cannot keep our parks up. We are totally unable to do it. And you folks come in with all kinds of enthusiasm for spending additional money.

I would be much more impressed if you had said, we're going to do this in a businesslike way and we've got some real dogs in the park system, regardless of who put them in, that nobody goes to, the visitation is horrible. And about every one of your superintendents, Mr. Director, will say that.

In fact, I understand when they met in their superintendents meeting, they said, we've got some real bad parks, very poor visitation. But the cheap Congress will not give us any more money. So, like the military and the Joint Chiefs of Staff, we have to reduce our mission.

Maybe this is a jewel. Maybe this is as great as everyone has pointed out. Maybe it is another Yellowstone, another Grand Canyon, or whatever it may be. If that is the case, maybe we should appropriate money and put it where it should go, instead of coming in here and saying, well, we just want to stretch it all out so we're going to have another dog on our hands. We're going to have another place that everything is in disrepair, that is a smelly hole, like so many of these now that we're just almost embarrassed to say these are American parks. Or are we going to make this into something nice.

Frankly, if it was in the state of Utah—and I admit it is beautiful, I have no argument with that, absolutely gorgeous place—I would be sitting down with the Governor and the State legislature and saying, how do we get them to turn it over to us.

I disagree with my chairman here, where he says this has already been decided that we are not going to—it is going to be federal ownership. Why federal ownership if the state of California can do it better than you can, which it can? If I accept the premise that you have inherited here, I would wonder why you would want it.

I would be in a position to say that California, if you could take it over and make it into a beautiful park, then do it instead of putting it on the federal thing, which apparently you cannot fund one park that they have got right now.

I personally, in that little presentation, that's where I disagree very respectfully with you, Mr. Kennedy. I have great respect for you, but I cannot understand and I do not accept the idea that it's being done in a businesslike way.

I have five pages of questions to ask you. I will not ask them here. They're all the depth and the details. Your presentation was like ours, sweeping generalities.

I do not agree with Mr. Perot on many things, but I agree that it is in the details, that is where the devil is. In the insurance industry, now that we are in health care, they came up with something that is very profound. They said the big print gives it to you and the little print takes it away.

If you have ever looked at an insurance policy, the first page is big print. There is 100 pages of little print. We are going to get into little print here, and maybe that will take some of these things away.

If I was here, I would be enthusiastically saying, give it to California. And I would put a group headed by somebody that is as capable as Nancy Pelosi to say how do we make this thing work and keep the federal government out of it.

I thank you for allowing me to say that.

Mr. VENTO. Without objection, Congresswoman Pelosi will be recognized.

Ms. PELOSI. Thank you very much, Mr. Chairman.

I agree that Mr. Kennedy and Mr. Heyman very enthusiastically presented the case for the Presidio, Mr. Kennedy with the vision, Mr. Heyman with some of the realities of what is going on there.

And I have no questions, except I would like to comment briefly on Mr. Hansen's statement.

Mr. Hansen, I want to assure you that how these decisions will be made about the use of the property in the park will be subjected to the very harshest scrutiny. When some of our colleagues, Mr. Thomas, and I think you mentioned earlier that there are parts of the park and even our chairman mentioned that perhaps the original legislation envisioned some of the park land being given over to the Park Service, but not some of the other structures, actually those are the revenue producers.

So if we are going to reduce the exposure to the taxpayer and limit the cost in federal dollars, we do need the entire area because where we will make the money to sustain the park is from the developed area that is there now. There can be no net growth on the Presidio. Any development has to be countered by removing something else. So it is important for us to maintain its integrity so that we can help subsidize some of the other costs as we rent out the developed area.

Also, when we get money, for example, from the Department of Defense for infrastructure repair and cleanup, we have to be very businesslike in how we spend those dollars because we will not have every penny we need. But I think we have to spend those dollars in furtherance of generating revenue so that we take a look at this park in furtherance of our goal of reducing the cost to the taxpayer. If we can maximize the income of certain resources in the park to help underwrite certain other areas of the park, that is how we should invest the infrastructure and cleanup dollars that we have.

I, myself, wish this legislation were not necessary. And I am not convinced that it is. I still have in the back of my mind that this authority must exist in the Department of the Interior. But I welcome the opportunity to bring the legislation forward to continue the discussion so that we can air these different views.

But in closing I want to just say that how we spend this money is—the money we get for cleanup and the money that we get from the rents, et cetera—is all in furtherance of that major goal which is that it will be something that I think this Congress would be proud of as a priority. And I am reminded of the expression of “I love the freedom of a tightly knit idea.” We will have the opportunity to be creative and imaginative in what we bring there and attract more visitation to the extent that we tightly weave the plan and the funding and the accountability and the rest. And I hope that in the discussion of this legislation we will be moving in that direction.

Thank you, Mr. Chairman.

Mr. VENTO. I have some additional questions. Maybe Congressman Hansen has.

I think we need to ask at least some questions that address the concerns. I wanted to obviously involve my colleague without going on too long with my initial questions.

But, for instance, the issue was raised about the State role. And, as I said, it starts out with a total inventory according to the documents that have been prepared, of 6.3 million square feet. And then they have a plan, within Plan A, of course, which is the third alternative. And I must say I am appreciative of the Park Service taking a position on a proposal that comes before the committee as

opposed to providing only the alternatives and then suggesting to the sponsor or to a member to come up with this. So it is rather refreshing. And I hope that it is not a first. In my 10 years of chairing this committee, it has been a way to avoid taking a position.

One of the factors that we talk about in the state involvement, the state will play a key role through the educational institution in terms of opting to lease some space on the site. The Letterman complex and its world-renowned research center on the Presidio is expected to be leased by the state.

Would you talk about that, Mr. Kennedy?

Mr. KENNEDY. We are in intense discussions with them. As soon as they know that we can enter into a lease, those discussions will get hotter. We believe that there is a solid expensible practical interest in the Letterman complex on the part of the state through its educational institutions.

And, Mr. Chairman, not only are they an economic asset, they are an asset with respect to the mission of this national park as well, because the teaching process that ties them to the exploratorium and to the other ways of teaching people about environmental and about matters of the biological sciences are a significant part of the mission of this park. So we want them there not just for their money; we want them there for their brains.

Mr. VENTO. Of course, if we look at the total number of square feet the suggestion is that the space of the Letterman complex is targeted for a major institution and that of course is not identified as the state of California, but it is 800,000 square feet.

Mr. KENNEDY. We would be happy if there were several bidders for 800,000 square feet, but we don't think that there is another one for that space. This is a logical primary tenant.

Mr. VENTO. The space to be demolished is substantial. It is 1.7 million square feet. And I would like you to express your thoughts about the cultural historic mission and the nature of the buildings that are recommended in Alternative A to be demolished?

Mr. KENNEDY. As you know, the plan contemplates an item-by-item analysis of the historic value of each structure. And about three quarters of them are of historic value. Not all are. Not all would be demolished at once, either.

Those that have no historic significance or are not reusable and in an intelligent and businesslike way are those that would go. We will keep those that have significance and are reusable. You have the numbers before you.

Mr. VENTO. When you get down here to what you call the inactive space, I don't know exactly what that is supposed to be.

Mr. KENNEDY. That is the 300,000 square feet at the bottom?

Mr. VENTO. It is in there somewhere. It's at the bottom of your chart; I don't know if it's at the bottom of mine. It is the inactive.

Mr. KENNEDY. That is really mothballing support facilities that we may take down or may keep, depending on what happens to the space really, is it not?

Mr. GALVIN. They are historic but not leasable, Mr. Chairman. We propose to keep them, but recognize that they are not commercially—

Mr. VENTO. What is the nature of those?

Mr. GALVIN. Warehouses, barracks. There are just a few of them.
Mr. VENTO. Are some of those not being used now and are, in fact, mothballed?

Mr. KENNEDY. That's right.

Ms. PELOSI. Mr. Chairman, if I may add, we did have a visit from Mr. Richard Moe, head of the National Trust for Historic Preservation to the Presidio. And we had a very frank discussion about the subjectivity of what is truly historic. This is one area where we may have some very harsh scrutiny to put these structures to the test. If they are going to cost any kind of money at all, to even keep vacant, then we have to make a very harsh judgment about their historic value and what other buildings on the base represent that same era.

Mr. GALVIN. Most of the demolition proposed is not historic buildings. Alternative A proposes to demolish 301 buildings or about two million square feet, and the great majority of those are nonhistoric. There are, I believe, less than 40 historic buildings in that number. They are buildings that, in our judgment, are duplicated in other locations in Golden Gate National Recreation Area or even in other areas of the Presidio. Some World War II barracks, for instance, are included in that demolition number, and there are other World War II barracks in the Presidio that will be preserved.

Mr. VENTO. We trust the professional judgment of the National Park Service with respect to what is cultural or historically important and usually we are not disappointed.

The point I was going to make, though, is that as we run through the demolished space, space that is inactive which has been explained, we get to permanent housing of the Sixth Army, other tenants; and then of course finally to the remaining space 1.3 million square feet.

But in terms of the Sixth Army, FEMA, Letterman facility, the target for conference logging center, these are all considered—are these considered your anchor tenants?

Mr. KENNEDY. Yes.

Mr. VENTO. Now, not the National Park Service but others, will they actually be paying fair market rents in terms of these areas? Is that your intention that they all pay fair market rent?

Mr. KENNEDY. Yes, sir.

Mr. VENTO. So fair market rents in San Francisco are not exactly the bargain that they are in St. Paul, I take it. Except for the Army.

Mr. KENNEDY. That is the exception.

Mr. VENTO. Since they are giving you this particular facility, it would only be genteel to treat them—but that is a negotiated item, I expect, in terms of the public.

So I think it is important to understand if we have \$16 million or \$30 million cost here, we ought to understand what it is attributed to. It is already part of a national government asset.

I don't know how you would put a fair market value on this area when it has the significance it does or the location. There is no other place like it in the area.

Mr. KENNEDY. There are both advantages and disadvantages to this particular location for the university, for example. It does have other alternatives and it will make up its own mind as to how

much it wishes to take in the light of the advantages and disadvantages of this as against the other two or three alternatives it has before it.

With regard to the Army, as you know, Mr. Chairman, and the other members of this committee know, we are locked in intensive but very genteel discussions with the Army as to what they are willing to pay. It is a question out of which federal pocket it comes.

Mr. VENTO. I think it is important because of the comments that Mr. Hansen made with regard to the parks that we not end up with the Park Service in essence—

Mr. KENNEDY. Subsidizing the Army.

Mr. VENTO. Yes. Subsidizing the defense budget. I know that is not anyone's intention. But I know in the end that they have generally been a pretty good. We have had a good relationship and I don't think that has happened in the past. It may be the other way around more often than not. But in any case, the last aspect of course is, you know, how do you develop this area or should this be something that goes back, if they are going to reexamine the 1972 law which some apparently are intent on doing?

In other words, is it probable that somehow there could be a way where the city would do less or do more. Have you had any expression of interest on the part of the city or state or other entity that would want to in fact manage this along the lines of the cultural historic resource? I mean, obviously, you could probably give this away and any covenants would be gone and they could construct something on it. That's possible.

But I think we have a broader mandate here.

Mr. HEYMAN. I don't know if there has been discussion with the state or the city of San Francisco, Mr. Chairman. I suppose it is a little discouraging to get into negotiations with the state at the moment. Because if there is any entity that is worse off than the Federal government right now, it is the state of California.

But I do not know of any—

Mr. VENTO. The effort here—

Mr. HEYMAN. Other than through tenants.

Mr. VENTO. I want to ask what communication Mr. Kennedy has been involved in on this issue. Director Kennedy?

Mr. KENNEDY. So far as I know, there is no proposal before any of us for the maintenance of these assets, these historic buildings, and this natural circumstance from anybody except us. There is no proposal from the state and there is no proposal so far as I know from the city or any aggregate of cities in the Bay Area. I believe that to be the case.

We have heard of no interest on the part of anybody else in sustaining these nationally significant assets.

Mr. VENTO. I think it is important to establish the idea of an entity, a public benefit corporation, to actually manage the business side of this; is that correct? That would function? You obviously intend to get bids on the anchor tenants insofar as you can get bids on the sort of custom-designed type of contracts so that you are not completely guessing and extrapolating.

But you are trying to, in fact, get a market program. And I know that you have an advisor that will testify later today on that. And you would like to see this handed over so that they would, within

the confines of the historical cultural resources, would in fact lease the remaining 1.3, 1.5 million square feet, whatever remains. And if NOAA comes to fruition, it may be a little less.

So in essence, that then would be a free market entity that would be operating this and attempting to exact the market price for these assets; is that correct, Mr. Heyman?

Mr. HEYMAN. Yes, sir.

Mr. VENTO. Well, the point is that particular proposal is not before us. Does the Park Service have the authority to in fact enlist such entity at this time?

Mr. KENNEDY. We do not have the legal authority to enter into leases ourselves nor do we—

Mr. VENTO. I know that the anchor tenant—

Mr. KENNEDY. The second stage, which is the formation of a public-private partnership that will require legislation as well, sir. We do not have the authority to do so.

Though it has to be said, I think, that we are striving to go forward with this process by making use of essentially volunteered services by the philanthropic and business community in the Bay Area. The Presidio Council and others have been enormously helpful to us and to the nation in carrying this forward.

Mr. VENTO. I think based on Congresswoman Pelosi's testimony and your reference to the philanthropic and the city's role, it may be helpful to explore the issue of certain benchmark goals for philanthropic type of roles in terms of the funding of the issue, whether it is operation, maintenance, or some other type of tangible investments that would, in fact, provide a comfort level. And I think that my colleague from Utah is right on with regard to operation and maintenance.

And I think that what we ought to do is close the roads that are not suitable. A lot of the maintenance operation in the Park Service is due to lack of roads. Here we've got in fact 50 miles of road within the Presidio. I wonder what the condition of it is. You know, and of course I think it is another issue that you could take up with the military in terms of how they are leaving it.

The other issue here which is not immediately apparent because it is in the middle of San Francisco is the whole issue of all of the sewer lines and utilities. The police jurisdiction problems that the Park Service now will be expected to take over is also an issue. And I think there again is an area of exploration with the city as to better define that role. Not that we want them to take on responsibilities that are not appropriately theirs, but I think also it is one thing when there is the military base and it is another when we might be looking or exploring a joint jurisdiction arrangement. But, I think, integral to the operation and maintenance and other questions that are key in terms of apparently the revisiting of the 1972 decision, which is going to be with us.

Mr. Hansen.

Mr. HANSEN. Thank you, Mr. Chairman.

I want you to know, Mr. Kennedy, I have no argument with the idea of the beauty of the place. I have no argument and realize that you walked into a real tough position. And do not mean to lay all of this on you. Please do not take it that way. I would agree with Nancy Pelosi, this is a beautiful area.

I guess where the division comes is who should do it? I sometimes just wonder if you are in the position to do it. And I think you are in a position to hang on for dear life and try to take care of the parks that you have got and hope that it all doesn't fall apart on you right now. And to take on something as huge as this, I would urge what Mr. Heyman pointed out, I would urge the local people who are here all enthusiastic about it to dampen their enthusiasm a little bit.

Thirty-five years ago when I first ran for political office, I was given the water system in a little town in Utah. We did the culinary water system with our own money. It worked out great. A few little hitches but we worked our way through it.

Irrigation, we turned to the federal government. We came back, testified, did the whole thing. What a disaster. We are still paying for that disaster.

So as I look at the responsibilities that you have stretching you so thin that it is almost unbelievable, I think maybe the folks in that particular area may want to broaden their horizons and their vision and their understanding of how the federal government works. And they can start by reading this GAO report.

If I may make one statement, I do not know how correct this person is, but:

I find the Presidio to be one of the most beautiful places in the USA. The Army is hard at work painting buildings, resurfacing roads, and generally cleaning up the area before handing it over to the National Park Service. I wonder why they are wasting all of our hard-earned tax dollars to do this. One look at the buildings in the Golden Gate National Recreation Area, formerly Fort Berry, should let us know how the National Park Service handles their property.

The National Park Service allowed these once-beautiful buildings to deteriorate to a point where it may not be cost effective to restore them in the condition they were in when the Army handed the property over. You only need to visit Fort Berry and see the condition of the buildings there to see what the Presidio will look like in the future. What makes us think they will treat the Presidio any differently?

And that is Diane Dean, San Francisco, in the Chronicle. I do not know her straight up, but there is the article. And you, Mr. Kennedy, have really taken on a big wad to chew, if I may respectfully say, as you look into this.

Sure, the state of California is going down a little bit. And I could give you a lot of reasons why I think that is, but I will not. But still on the other hand I think they are in a lot better shape than the federal government. And there are some very fertile minds, and I don't know of a more creative mind than sitting right over here.

For whatever the thought is worth, I surely think I would look at Alternative B regarding some other way to do this rather than the Park Service, because, Mr. Kennedy, you have really got your hands full. Any man that I have seen in the new administration that has got his hands full it is you, trying to pull this all together. Because the American public loves their parks. They want them beautiful and clean and respectable. And they go there. There is something inherent in us that we want our parks to be nice. We do not want shoddy, messy, dirty parks. And I think we are getting there.

I remember in the early 1980s we appropriated all kinds of money for the Park Service, brought them up. I don't know why we're letting them deteriorate again.

I sound like Mickey Mouse telling Walt Disney what to do here. But let me say, very respectfully, I would surely encourage you to bring the parks we have up to where they once were.

Mr. KENNEDY. We intend to, asking for that money, Congressman. And, thank you. Thank you. We appreciate it.

Mr. HANSEN. Thank you very much.

Thank you, Mr. Chairman.

Mr. VENTO. Thank you.

We have a long list of witnesses. Congresswoman Pelosi, if you have any other comments?

Ms. PELOSI. I just want to thank Secretary Heyman and Director Kennedy for their excellent testimony. Thank you.

Mr. VENTO. Mr. Director, Mr. Secretary, Mr. Galvin, thank you very much.

Ms. PELOSI. And Mr. Galvin too.

Mr. VENTO. I would ask that James Duffus III, Director, Natural Resources Management Issues, GAO, if he would present his testimony at this time. He has some of his associates with him. They are accompanying him. If he could introduce them to the committee. In the event that they are relied upon for oral testimony today. That would be helpful.

Mr. Duffus has a distinguished record of providing information for the Subcommittee and the Committee on Natural Resource Public Lands issues of which we are very appreciative of their efforts. And they again have done a good job in terms of putting together a proposal and asking some very provocative questions at the request of Congressman Hansen and Mr. Regula and others.

Mr. Duffus, your statement is before me. It is part of the record.

STATEMENT OF JAMES DUFFUS III, DIRECTOR, NATURAL RESOURCES MANAGEMENT ISSUES, GENERAL ACCOUNTING OFFICE

Mr. DUFFUS. Thank you, Mr. Chairman. I would like to summarize my statement, since my detailed statement will be submitted for the record.

On my left is Mr. James Hunt, Assistant Director, responsible for GAO's work in the National Park Service. And on my right is Mr. Ned Woodward, who was the assignment manager on our report released today on the Presidio.

We are pleased to be here today to discuss our report on the transfer of the Presidio Army post in San Francisco to the Department of the Interior's, National Park Service. This work was requested, as you indicated, Mr. Chairman, by the ranking Minority members of the House Committee on Natural Resources and this subcommittee and the ranking Minority members of the House Committee on Appropriations and its Subcommittee on the Interior.

In summary, we reported that the Park Service has developed four alternatives for managing the Presidio as part of the GGNRA. Under its preferred alternative, the Park Service would share the Presidio's rehabilitation and operating and maintenance costs with

public and private park partners. The proposed uses of the Presidio under the Park Service's preferred alternative are, in general, consistent with the stated purposes for creating the GGNRA and the Park Service.

The costs to repair and upgrade the infrastructure, rehabilitate the buildings, and clean up all hazardous materials and perform other transition activities at the Presidio are uncertain at this time. However, the Park Service estimates that these costs will range from at least \$702 million to \$1.2 billion or more.

On the basis of the Army's historical costs, the Army and the Park Service have estimated that O&M costs for the Presidio to be about \$45.5 million annually through fiscal year 1995. Beyond that, the Park Service estimates, on the basis of a consultant study, that these costs will range from \$38 million to \$40 million annually through fiscal year 2010.

A total of \$80.5 million was appropriated in fiscal years 1991 through 1993 for the Presidio's transition to a park. The Park Service has assumed that future annual appropriations will not exceed \$25 million. However, the actual level of future annual appropriations needed for the Presidio cannot be estimated with any degree of certainty at this time, and it is contingent on such unknowns as the management alternative selected by the Park Service and the revenues generated through rental payments from tenants and philanthropic donations.

The Park Service's draft general management plan for the Presidio was released to the public on October 19, 1993. This plan includes four alternatives for managing the Presidio, one of which the Park Service prefers. Under the preferred alternative, the Park Service would manage the Presidio and public and private park partners would occupy the buildings that remain. The tenants would pay a portion of the costs to rehabilitate these structures as well as a portion of the total annual O&M costs.

The Park Service believes that additional legislation may be required to implement any of the four alternatives. For example, the Park Service believes that it may need to obtain the authority to lease structures and facilities, create a non-profit corporation with park partners to manage the leases, provide capital financing tools such as federally guaranteed loans or lines of credit, and retain revenues at the GGNRA to offset O&M costs.

As part of the one-time costs, the Army has estimated that \$69 million is needed to repair and upgrade the Presidio's infrastructure of water systems, storm and sanitary sewers, electrical systems, roads, and fire protection systems. In addition, Army and Park Service officials have agreed that \$25 million is needed for immediate short-term building rehabilitation, and the Park Service has identified another \$515 million to \$1 billion in long-term rehabilitation costs under its four management alternatives.

The Army also estimates that about \$78 million will be needed to clean up the hazardous materials at the Presidio that present an imminent or substantial threat to health or the environment. The final costs to the federal government for environmental clean-up at the Presidio cannot be determined, however, until the Park Service decides how the lands and facilities will be used.

For fiscal years 1991 through 1993, a total of \$80.5 million in federal funds was appropriated for the Presidio's transition to a park—\$73.5 million of this was to Defense and \$7 million to Interior. Of Defense's \$73.5 million, about \$59.5 million was allocated to repair and upgrade the Presidio's infrastructure. Of the remaining \$14 million, about \$11.4 million was allocated to cover the Park Service's share of the Presidio's \$45.5 million in common O&M costs for fiscal year 1993 and \$2.6 million, along with the \$7 million appropriated to Interior, was allocated to the Park Service for general management planning and transition activities.

While the Park Service has assumed for planning purposes that annual appropriations will not exceed \$25 million, it cannot say with any degree of certainty at this time that other funding sources will either meet a substantial portion of the costs to rehabilitate the Presidio's buildings or the estimated \$13 million to \$15 million shortfall in annual O&M costs.

For example, in its draft general management plan, the Park Service estimated that tenants would pay for 62 to 90 percent of the building rehabilitation costs, as well as a portion of the annual O&M costs. The Park Service also hopes that philanthropic donations will make up any shortfalls in appropriations or tenant payments.

However, the Park Service had to make assumptions about what portion of the building rehabilitation and annual O&M costs tenants would pay without knowing who the tenants would be or their willingness or ability to pay. To the extent that the costs to rehabilitate the Presidio's buildings and to operate and maintain the Presidio are not met by tenant payments and donations, they must be met by federal appropriations, or the unmet needs will be added to the Park Service's existing \$2.1 billion deferred maintenance and reconstruction backlog.

Given the costs and the potential impact of the Presidio's rehabilitation needs on the Park Service's deferred maintenance and reconstruction backlog, we believe close oversight by the Department of the Interior and the Congress is warranted. Our report recommends that once an alternative is selected for managing the Presidio, the Park Service should establish a specific plan of action to achieve the objectives of the selected alternative.

At a minimum, this plan of action should prioritize the objectives, identify their associated costs and funding sources, and estimate the dates for their completion.

The report also recommends that the Secretary of the Interior periodically report the progress in achieving the plan's objectives to the appropriate congressional oversight and appropriations committees.

Mr. Chairman, we would be happy to respond to questions.
[Prepared statement of Mr. Duffus follows:]

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Testimony

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DEPARTMENT OF THE
INTERIOR

Transfer of the Presidio From
the Army to the National Park
Service

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Development Division



Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our report, released today, on the transfer of the Presidio Army Post of San Francisco (Presidio) to the Department of the Interior's National Park Service.¹ This work was requested by the Ranking Minority Members of the House Committee on Natural Resources and this Subcommittee, and the Ranking Minority Members of the House Committee on Appropriations and its Subcommittee on Interior.

In summary, we reported that:

- The Park Service has developed four alternatives for managing the Presidio as part of the Golden Gate National Recreation Area (GGNRA). Under its preferred alternative, the Park Service would share the Presidio's rehabilitation and operating and maintenance (O&M) costs with public and private "park partners."
- The proposed uses of the Presidio under the Park Service's preferred alternative are, in general, consistent with the stated purposes for creating the GGNRA and the Park Service.
- The costs to repair and upgrade the infrastructure, rehabilitate the buildings, clean up the hazardous materials, and perform other transition activities at the

¹Department of the Interior: Transfer of the Presidio From the Army to the National Park Service (GAO/RCED-94-61, Oct. 26, 1993).

²For the purposes of this testimony, building rehabilitation includes not only bringing buildings up to local health and safety codes but also such activities such as preserving, remodeling, and removing buildings and other structures; restoring historic landscapes; improving parking areas; and developing site plans.

Presidio are uncertain at this time. However, the Park Service estimates that these costs will range from at least \$702 million to \$1.2 billion or more.

- The Army and the Park Service have estimated O&M costs for the Presidio at \$45.5 million annually through fiscal year 1995. Beyond that, the Park Service estimates, on the basis of a consultant's study, that these costs will range from \$38 million to \$40 million annually through fiscal year 2010.
- A total of \$80.5 million was appropriated in fiscal years 1991 through 1993 for the Presidio's transition to a park. The Park Service has assumed that future annual appropriations will not exceed \$25 million. However, the actual level of future annual appropriations needed for the Presidio cannot be estimated with any degree of certainty at this time and is contingent on such unknowns as the management alternative selected by the Park Service and the revenues generated through rental payments from tenants and philanthropic donations.

BACKGROUND

A provision in the law that created the GGNRA (P.L. 95-589) in 1972 stated that once the Presidio was determined to be excess to the Army's needs, it would be transferred to Interior as part of the GGNRA. In 1989, the Department of Defense Base Realignment and Closure (BRAC) Commission determined that the Presidio was excess to the Department of the Army's needs. However, as a result of a June 1993 BRAC Commission recommendation to keep the Headquarters Sixth U.S. Army (Sixth Army) at the Presidio, about 1,200 military and civilian personnel will remain.

The Presidio consists of 1,480 acres--780 acres of open space and 700 acres of developed areas with about 50 miles of roads. A large portion of the open space (about 290 acres) is wooded. There are 870 structures at the Presidio, of which 510 are historic or contribute to the Presidio's National Historic Landmark status.

The Presidio contains a national cemetery run by the Department of Veterans Affairs, an 18-hole golf course that was constructed in 1895, and an inactive airfield (Crissy Field). The largest structures at the Presidio are Letterman Hospital and the Letterman Army Institute of Research. The hospital now serves only as an outpatient clinic. The research institute is still operating, but at a reduced level. There is also an inactive Public Health Service Hospital located on a 36.5-acre site adjacent to the Presidio.

ALTERNATIVES FOR MANAGING THE PRESIDIO

The Park Service's draft general management plan for the Presidio was released to the public on October 19, 1993. The plan includes four alternatives for managing the Presidio--one of which the Park Service prefers. Although one of the alternatives assumes a continued military presence, none of the alternatives was revised to reflect the June 1993 BRAC Commission recommendation that the Sixth Army remain at the Presidio.

Under the Park Service's preferred alternative, the Park Service would manage the Presidio, and public and private "park partners" would occupy the buildings. The tenants would pay a portion of the costs to rehabilitate these structures, as well as a portion of the total annual O&M costs. Under this alternative, the Park Service would remove 301 buildings, including Letterman Hospital. Park Service officials stated, however, that if a tenant could be found that was willing to pay the costs to rehabilitate the hospital, the hospital would not be removed. The Letterman

Army Institute of Research would probably remain a research facility. The Park Service would also include the Public Health Service Hospital site within the park boundary. However, only the original historic structure, constructed during the 1930s, would be rehabilitated. The two wings added during the 1950s would be removed.

Under a second alternative, the Park Service would manage the Presidio as a traditional national park, giving greater emphasis to open space and recreation. The Park Service would remove 356 buildings and manage the remaining ones. The Park Service would not include Letterman Hospital or the research institute in its plans for the park, and the Public Health Service Hospital site would not be included within the park boundary.

Under a third alternative, the Park Service would manage the park with the military and park partners. Under this alternative, 152 buildings would be removed, and the Public Health Service Hospital site would be included in the park boundary. The military would continue to use Letterman Hospital, the research institute, and 800 of the 1,200 housing units.

Under a fourth alternative, the Park Service would manage the park as a public sector enclave, and the General Services Administration would be responsible for leasing the buildings. No buildings would be removed under this alternative, and the Public Health Service Hospital site would not be included within the park boundary.

The Park Service's proposed uses for the Presidio under its preferred management alternative are, in general, consistent with the stated purposes for creating the GGNRA and the Park Service. The Park Service believes, however, that additional legislation may be required to implement any of the alternatives in its draft management plan. For example, the Park Service believes that it

may need to obtain authority to (1) lease structures and facilities; (2) create a nonprofit corporation with park partners to manage the leases; (3) provide capital financing tools, such as federally guaranteed loans or lines of credit; and (4) retain revenues at the GGNRA to offset O&M costs.

COSTS ASSOCIATED WITH THE
TRANSFER OF THE PRESIDIO

Total one-time costs for such activities as infrastructure repair and upgrade, building rehabilitation, and environmental cleanup are estimated to range from at least \$702 million to \$1.2 billion or more, depending primarily on the alternative ultimately selected by the Park Service for managing the Presidio.

(See app. I.)

The Park Service used the services of a consulting firm, Keyser Marston Associates, Inc., to determine independently how best to implement the Park Service's preferred alternative.³ In its draft report, Keyser Marston estimated costs of \$590 million for infrastructure repair and building rehabilitation, asbestos abatement, and removal of lead-based paint. Keyser Marston's estimate of the costs for infrastructure repair and building rehabilitation was lower than the estimates in the Park Service's preferred alternative (\$666.1 million to \$777.1 million) because Keyser Marston assumed that (1) large tenants would be brought in first, allowing several buildings to be rehabilitated at once (rather than one building at a time), thereby saving an estimated 20 to 30 percent in estimated building rehabilitation costs; (2) other buildings would be mothballed until tenants could be found, thereby saving the costs of maintaining the unoccupied interiors;

³The Presidio Council, a private citizens' group, provided the funding for the Keyser Marston study.

and (3) Letterman Hospital would not be removed and would generate more revenue than it would cost to operate and maintain.

Estimated Infrastructure Repair and
Upgrade and Building Rehabilitation Costs

Much of the Presidio's infrastructure--including water systems, storm and sanitary sewers, electrical systems, roads, and fire protection systems--has been in place beyond its normal life span. For example, the Presidio's 50 miles of storm sewers, which were constructed before 1920, are in need of repair and upgrade. Because some sewers have become clogged with sediment, frequent flooding occurs. The Army has estimated that \$69 million is needed for infrastructure repair and upgrade.

In addition, many buildings are in need of immediate short-term rehabilitation, such as repairs to foundation cracks and roof leaks. Army and Park Service officials have agreed that \$25 million is needed for immediate short-term rehabilitation. The Park Service has identified another \$515 million to \$1 billion in long-term rehabilitation costs under its four management alternatives.

Environmental Clean up Costs

The Army estimates that about \$78 million will be needed to clean up hazardous materials at the Presidio that present an imminent or substantial threat to health or the environment. For example, friable asbestos,⁴ flaking lead-based paint, and unneeded underground storage tanks must be removed and any contamination cleaned up. The final costs to the federal government for environmental cleanup at the Presidio cannot be determined,

⁴Friable asbestos is asbestos that has deteriorated to the point that it may release fibers into the air when disturbed.

however, until the Park Service decides how the land and facilities will be used.

Other Transition Costs

Other costs associated with the transfer of the Presidio to the Park Service include \$9.6 million for activities such as preparing the general management plan, providing visitor services, assessing building conditions, preparing guidelines for tenant use, and relocating Park Service staff. An additional \$5.7 million has been identified for capital purchases, such as fire-fighting and communications equipment.

ESTIMATED ANNUAL O&M COSTS

The Army and the Park Service have estimated O&M costs for the Presidio at \$45.5 million annually for the transition period--fiscal years 1993 through 1995. This estimate is based on the Army's historical post support level for the 5-year period ending in fiscal year 1991 and includes costs for such activities as the maintenance of facilities, fire prevention, communications, the preservation of cultural resources, property management, and administrative support.

The Park Service hired a consulting firm, Bay Area Economics, to estimate future annual O&M costs for the Presidio. In its draft report, Bay Area Economics estimated that O&M costs would range from \$38 million to \$40 million annually through fiscal year 2010.

APPROPRIATIONS AND OTHER POTENTIAL FUNDING SOURCES

For fiscal years 1991 through 1993, a total of \$80.5 million in federal funds was appropriated for the Presidio's transition to a park--\$73.5 million to Defense and \$7 million to Interior. Of

Defense's \$73.5 million, \$59.5 million was allocated to repair and upgrade the Presidio's infrastructure. Of the remaining \$14 million, (1) about \$11.4 million was allocated to cover the Park Service's share of the Presidio's \$45.5 million in common O&M costs for fiscal year 1993 and (2) \$2.6 million, along with the \$7 million appropriated to Interior, was allocated to the Park Service for general management planning and transition activities.

In its draft general management plan, the Park Service estimated that tenants would pay for 62 to 90 percent of the building rehabilitation costs. Keyser Marston's draft report assumed, on the basis of market conditions in the San Francisco Bay area, that tenants would pay 58 percent of these costs. Both the Park Service's draft general management plan and Keyser Marston's draft report estimated that the tenants would pay a portion of the annual O&M costs. Keyser Marston also assumed that any shortfalls in appropriations or tenant payments would be made up primarily by philanthropic donations.

While the Park Service has assumed for planning purposes that annual appropriations will not exceed \$25 million, it cannot say with any degree of certainty at this time that other funding sources will meet either a substantial portion of the yearly costs to rehabilitate the Presidio's buildings or the estimated \$13 million to \$15 million shortfall in annual O&M costs. For example, both the Park Service and Keyser Marston had to make assumptions about what portion of the building rehabilitation and annual O&M costs tenants would pay, without knowing who the tenants would be or how able or willing they would be to pay. Moreover, while Park Service officials told us that they had successfully used tenant payments and philanthropic donations at other sites, such as Fort Mason in the GGNRA and Ellis Island in New York, they had not, to date, attempted anything on the scale of the Presidio.

To the extent that costs to rehabilitate the Presidio's buildings and to operate and maintain the Presidio are not met by tenant payments and philanthropic donations, they must be met by federal appropriations, or the unmet needs will be added to the Park Service's \$2.1 billion deferred maintenance and reconstruction backlog.⁵

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In summary Mr. Chairman, the proposed uses of the Presidio under the Park Service's preferred alternative are, in general, consistent with the stated purposes for creating the GGNRA and the Park Service. However, the extent to which the costs to rehabilitate the Presidio's buildings and to operate and maintain the Presidio as a part of the GGNRA will be offset by tenant payments and philanthropic donations is not known. Thus, the level of future annual appropriations needed to manage the Presidio cannot be estimated with any degree of certainty at this time. Given the costs and the potential impact of the Presidio's rehabilitation needs on the Park Service's deferred maintenance and reconstruction backlog, we believe that close oversight by the Department of the Interior and the Congress is warranted. Our report recommends that once an alternative for managing the Presidio is selected, the Park Service should establish a specific plan of action to achieve the objectives of the selected alternative. At a minimum, the plan should (1) prioritize the objectives, (2) identify their associated costs and funding sources, and (3) estimate the dates for their completion. Our report also recommends that the Secretary of the Interior periodically report the progress in achieving the plan's objectives to the appropriate congressional oversight and appropriations committees.

⁵See Natural Resources Management Issues (GAO/OGC-93-17TR, Dec. 1992).

Mr. Chairman, this concludes my statement. I will be happy to answer any questions that you or other Members of the Subcommittee may have.

APPENDIX I

APPENDIX I

Total One-Time Costs for the Presidio

Dollars in millions

Category	Cost
Infrastructure repair and upgrade	\$69.0
Immediate short-term building rehabilitation	25.0
Long-term building rehabilitation	514.8 - 1,022.0
Environmental cleanup	77.7
Other transition costs	15.3
Total	\$701.8 - \$1,209.0

Source: National Park Service.

(140785)

Mr. VENTO. Thank you, Mr. Duffus, for your statement and your work. I am sure the benchmark or the ideas that you have articulated will help us in evaluating the Park Service's role.

The estimates you make, of course, from \$700 million to \$1.2 billion, do the top-end figures assume all of the physical structures will be retained in the Presidio?

Mr. DUFFUS. The \$702 million to \$1.2 billion is the cost ranges for the four alternatives. So it would vary based on the number of structures demolished.

Mr. VENTO. There is no proposal like this. This figure really is every potential cost and alternatives, is that right? So if one of the alternatives is to repair all of the buildings, it would be in this cost; is that correct?

Mr. DUFFUS. That is correct.

Mr. VENTO. And it provides no credits. That is, the upper limit costs provides no credits against which if you were leasing and receiving money back or as implied here by the advisor, 58 percent of the lease costs or 58 percent at least of their advisory figure could be achieved in terms of whatever the fixup costs on the leases are not that that would be universal; is that correct?

Mr. DUFFUS. That is correct.

Mr. VENTO. There are no credits in these figures for the Department of Defense infrastructure repair such as electrical or sewer or other systems that they may pay back?

Mr. DUFFUS. That figure is included, the \$69 million to rehabilitate the infrastructure is included in that range of \$700 to \$1.2 billion.

Mr. VENTO. It is not subtracted. For instance, for the hazardous material, there is a \$79 million cost.

Mr. DUFFUS. Seventy-eight.

Mr. VENTO. Seventy-eight. Pardon me.

That is also not subtracted from these numbers; is that correct?

Mr. DUFFUS. That is correct.

Mr. VENTO. As far as it goes, it shows a range, and it is good to have verification. I don't know that there are fundamental differences between the numbers that you have here except there may be some debate about the value. It is very useful in that sense. But I think that the concern is that as we focus in on one of these alternatives, for instance the Park Service, as I said, wanted to do Alternative A. They want to remove 300-and-some buildings that they anticipate in that model leasing or having open to lease or utilized a much smaller amount of square footage. They would have 1.3 that would go on the market.

Did the report attempt to validate or verify the assumptions used by the Park Service for the Keyser Marston report?

Mr. DUFFUS. No, we did not attempt any verification of the figures that appear in our report.

Mr. VENTO. You mention them in your testimony, Keyser Marston report. You mention them in your testimony. My point is that you did not—you are just pointing out as a way of reference you have no—can you say whether their numbers are in any sense related or in the ballpark here?

Mr. DUFFUS. We do not.

Mr. VENTO. You at this time do not make any such assumption? Or just to mention as a reference of some information, I guess. Are the proposed uses of the Presidio in the draft plan consistent with the purposes of the Golden Gate National Recreational Area?

Mr. DUFFUS. Yes, they are. In our judgment, they are, Mr. Chairman.

Mr. VENTO. Do they need to, in the sense that they are asking for legislative authority this morning in terms of leasing, they are asking for the scope, that it be expanded for educational or other purposes. Do you believe that they need or do now have such authority or do not have such authority?

Mr. DUFFUS. We did not look into whether or not the Park Service has the authority to lease or to create a non-profit corporation to manage the leases. We cannot say whether it needs this authority.

Mr. VENTO. Do we have examples in the Park Service or in other federal land management agencies where we have established public benefit corporations?

Mr. DUFFUS. Mr. Hunt will respond.

Mr. HUNT. Yes, sir, there are other examples where such corporations have been established. I think one locally here in Washington, DC, is the Pennsylvania Avenue Commission, which would be an example of a corporation that was established.

Mr. VENTO. I am aware of it. I was wondering if there may be some others that you could reference?

Mr. HUNT. Not off the top of my head, I cannot, sir.

Mr. VENTO. If something else shows up, we would like to hear about it.

So your concerns about the deadlines and goals that you have articulated are fairly important. One of the other concerns is, of course, the operation and maintenance agreements and the costs of operation and maintenance. And the Park Service has suggested that under a scenario that they could in fact reduce that to anywhere from, I guess, as low as \$16 and I have heard the secretary's ceiling figure of \$25 million.

Do you believe that that is possible, given the changed mission here?

Mr. DUFFUS. Again, it would be difficult to say as to whether or not it could achieve that. You know, the Park Service has assumed that \$25 million would be what it would ask for in federal appropriations and with its projections, based on a consultant study by Bay Area economics, that the annual out years O&M costs would be about \$38 to \$40 million, the Park Service is looking at a shortfall of \$13 to \$15 million in annual O&M costs.

That does not take into consideration how much it would be able to get from tenants and the share of the O&M costs that the tenants would be willing and able to pay.

Mr. VENTO. Is it customary and usual for large tenants to be brought into buildings to in fact do repair to the building and put in certain types of capital improvements for the length of lease that would be appropriate?

Mr. DUFFUS. When the Park Service arrived at the costs, they estimated that the tenants would pay from 62 to 90 percent of the rehabilitation costs. Their methodology involved a very site-specific

evaluation of the improvements to be made and allocated the costs to rehabilitate the buildings to who would occupy the buildings—tenants or the Park Service.

So whether or not it is usual and customary, I don't think that I could say. But the process that it went through at arriving at the costs seems reasonable.

Mr. VENTO. I point out again that the real estate consultant pointed out that it was closer to the 60 percent or 58 as you have indicated in your testimony. But nevertheless, that would substantially reduce the overall expenses.

There are a number of transition costs, but isn't it a common practice for the military in terms of asbestos or other types of lands that they have which would treat those before they are released? Isn't that required of them?

Mr. DUFFUS. The military would be required to pay for environmental cleanup, including landfills and underground storage tanks.

I think when we talk about lead paint removal or asbestos within buildings, that would be part of the building rehabilitation costs that—

Mr. VENTO. That is usually an item of negotiation between the agencies or between the Department of Defense and private sector entities that might receive such property?

Mr. DUFFUS. I would believe that it could be an item for negotiation.

Mr. VENTO. So as far as the sewer system and other types of systems like that, do you have any experience or background with those?

Mr. DUFFUS. No, I do not.

Mr. VENTO. Obviously, the report commented on an overall assessment of costs, not necessarily a division of responsibilities by the Department of Defense in terms of base closings and how to dispose of property. But in any case, do you have any suggestion or any information that the option chosen, Alternative A, is not the least costly method of dealing with this responsibility?

Mr. DUFFUS. I think in terms of what the Park Service hopes to achieve with Alternative A in terms of the historic preservation of the buildings, you have to look at the costs in that light. I think some of the costs of another alternative would be cheaper. But it most certainly does not achieve the same purposes.

So when you start to compare the costs of the alternatives, you have to look at what each alternative is expecting to achieve and compare them in that framework. It is awfully difficult to say that this is cheaper than that because they do not have the same objectives.

Mr. VENTO. They have some. Some are not that dissimilar, as I recall looking at them. You are, of course, correct. But in the sense that this is part of a park system. You have cultural and historic resources that have to be maintained.

Mr. DUFFUS. The more buildings you demolish, the less rehabilitation costs you have. The more you take down, the less you have to pay to fix up. There is an alternative that results in demolishing more buildings. If you look at it from that standpoint, it would be cheaper. It is something to consider.

Mr. VENTO. Mr. Hansen.

Mr. HANSEN. Thank you.

In your testimony, in your report, you raise some questions about the group here, the National Park Service basically coming up with an assumption that 60 percent of the Presidio plant cost would be borne by the tenants. Could you describe the process the National Park Service came up with to come to that conclusion?

Mr. DUFFUS. I believe that it went through a process where it reviewed each of the site improvements that needed to be made. It allocated the rehabilitation costs to the tenant, and the site improvement costs to the Park Service. Using that process you can see how the 62 to 90 percent relates to the four alternatives.

I think in the preferred alternative, if you used the rehabilitation costs estimated by the Park Service without the Sixth Army remaining, the percent would be about 71.

Mr. HUNT. If I could elaborate a little bit, Mr. Hansen, the Park Service in coming up with the estimates of between 60 and 90 percent attempted to attribute normal tenant costs to the tenant—the tenant would pay to have interior office space rehabilitated.

Other costs that are associated with the building and the site, which are normally landlord costs, would be assumed by the Park Service. Costs were allocated without any weight given to the ability or the willingness of a tenant to pay. It was just an arbitrary basis of allocating costs.

Mr. HANSEN. Now that we are into the details, that is going to raise some serious question. Just pick that one out of the air.

And I see your analysis there, but it still seems pretty vague. On page 9 of your report, you raise some very serious things.

To the extent that costs to rehabilitate the Presidio's buildings and to operate and maintain the Presidio are not met by tenant payments, they must be met by Federal appropriations.

Mr. HUNT. That is correct, at this point. Or met by philanthropic donations. If donations do not pick up the costs, then the remainder is borne by the federal government through appropriations or it will be added to the Park Service's deferred maintenance and reconstruction backlog.

Mr. HANSEN. The unmet needs will be added to the Park Service's \$2.1 billion deferred maintenance and reconstruction backlog. You're just going to add more? I guess that is really the only assumption you can draw, if they cannot meet that. That's the only place you're going to put it; is that right?

Mr. DUFFUS. Well, Mr. Hansen, I don't think that there is any disagreement. You heard Director Kennedy talk here this morning about the unknowns. The Park Service does not know, as we pointed out in the testimony and in the report, it does not know who the tenants are and their willingness or ability to pay. That is a big uncertainty here. And how much of the costs will have to be covered by the federal government depends on the extent of the tenant rents and the philanthropic donations. And right now that is a big unknown.

So if this does not materialize to the extent that it is hoping it will materialize, then you have to fill that gap.

Mr. HANSEN. In defense of the Park Service, it is a very hard thing to determine. You're kind of grasping around trying to come

up with figures. And I can well understand the frustrations they may be going through. And you state that also on page 9. You say:

That is the level of future annual appropriations needed to manage the Presidio. They cannot be estimated with any degree of certainty at this time.

We are just working with generalities, sweeping generalities. If the past is any indication of what the future will be, it's kind of like building a house. And that is there are two things you can always count on. One, it will cost more and, two, it will take longer. And I have seen some of these situations and guesstimates we have come up with before. I have never seen one come under. If that is any indication of what will happen in the future, it is kind of a dark cloud on the horizon, it would seem.

I don't need to belabor that. I appreciate your work. Your report was very well done. Thank you very much for your testimony and thank you, Mr. Chairman.

Mr. VENTO. Without objection, Congresswoman Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman.

Mr. Duffus, Mr. Woodward, Mr. Hunt, thank you very much for your testimony. I did have some questions about—I only now am just receiving this morning the GAO report which, needless to say, I will commit to memory and be talking to you hopefully again about.

But it was interesting to me that you mentioned that there was no verification of the figures that you used in the report; is that correct?

Mr. DUFFUS. That is correct.

Ms. PELOSI. Mr. Chairman, I just want to reiterate, just have it be very clear in the record, something that was testified to in answer to your question.

This GAO report, the gentleman is saying, is that there is no verification of the figures in the report.

Mr. VENTO. I understood.

Mr. HUNT. The figures in the report were prepared by the Park Service. They are the Park Service and the Department of the Army figures. So what we mean when we say we did not verify them is that we did not go behind those figures to assure that the figures are, in fact, accurate and supported with documentation.

We accepted the figures that were provided to us by the Army and by the Park Service. So they are not numbers that were generated by GAO. These figures were developed by the parties that had the responsibility at that time.

Mr. DUFFUS. And I would add we did meet with officials from the Army and the Park Service, both at the Presidio and at headquarters. And they had no disagreement with the costs that we are presenting in this report.

Ms. PELOSI. I appreciate that. I would like to go over some of those in light of what you just said.

The one-time rehabilitation cost will be \$720 million to one billion. Our estimated cost, those of us who are advocating that this committee go on a certain course, are \$590 million.

Has GAO developed information on costs of the recommended plan that lead them to believe that they have better information and analysis than the in-depth, independent review of us contained in our analysis?

As you know, Mr. Keyser will be testifying later.

Or are their estimates based on a different plan than the recommended plan?

Mr. DUFFUS. The \$702 million to \$1.2 billion are the one-time costs associated with the four alternatives. Those are the cost ranges of the four alternatives.

Mr. VENTO. I think it is important to know that there is no such proposal that would embrace all four. It is an internal contradiction. That is the confusing part. There is not a single alternative that would probably yield you the number of \$1.2 billion.

Mr. DUFFUS. We were asked to take a look at the one-time costs associated with the alternatives in the draft general management plan. There has not been an alternative selected, however, there is a preferred alternative.

And so we presented what the costs, the Park Service and Army estimates of the costs associated—

Ms. PELOSI. It is interesting and I am sure that you will answer my concern. I would have thought that you would have taken the worst case scenario. That is to say, the most expensive of the four plans, and say that the upside cost of this would have been, say, whichever one of the four alternatives you deemed to be most expensive. Which I think you said was plan A.

Mr. HUNT. Can I refer you to Appendix 1 of the testimony? There is an attachment or an appendix there that does lay out how we arrive at the \$702 million and the \$1.2 billion in costs. If you—do you have that, by chance?

Ms. PELOSI. Of the GAO report.

Mr. HUNT. Of the prepared testimony.

Mr. DUFFUS. It also appears on page 6 of the GAO report.

Mr. HUNT. If I can walk you down through this appendix, I think it may clarify some of the questions that you have on this point.

Ms. PELOSI. If I may, Mr. Hunt, so that I don't waste your time and the committee's time, may I just understand what this is a characterization of before you walk through the numbers? This is if the Presidio plan A, B, C, and D were all implemented?

Mr. HUNT. No, ma'am, it is not. It is taking Alternative A as a figure. And, if I could, that figure on Alternative A was \$666.1 million. That is the cost of the preferred alternative of the Park Service. If I took \$666.1 million and added the other fixed costs that are already identified that are not going to change, such as the fixed cost of \$69 million for infrastructure repair. That is going to apply to all four alternatives.

Ms. PELOSI. You are talking about the military money.

Mr. HUNT. That is correct. If you add all of those up for any one of the alternatives, the fixed cost, and then throw in the building rehabilitation costs for the alternative, you will come up to the range of numbers that would have applied, between \$702 million and the \$1.2 billion.

Ms. PELOSI. I hope that in the course of the discussion on the Presidio that we will recognize what the chairman pointed out, that certain responsibilities lie with the Army and the Department of Defense at the time of transfer, in preparation for a transfer, and what we should actually be focusing on is additionality of costs. Because in any event, the Army is going to have to spend that money.

And, in any event, we had to work very hard to get that money. And that was not money that just fell out of the trees.

I think that there should be some recognition that work has been done to bring us to a better position to turn this into a park. And rather than adding the good work that has been done as part of the burden we will have to bear, I think there should be some recognition of the value that is placed on the Presidio and the attempts that have been made to turn it over in as environmentally sound a way as possible and not call that an expense, but to deal with additionality.

And that is one reason why we would have a difference in the money that the Park Service is saying—that you are. And if you take the downside of the long-term building rehabilitation, you are not far off in your figures. If you are closer to the \$.5 billion versus \$1 billion.

Mr. HUNT. Keyser Marston is \$590 million. I believe that is what they are stating. The figure for the Park Service would be \$666 million for rehabilitation.

Ms. PELOSI. Does that include the \$69 million from the Army?

Mr. HUNT. It does not. Neither does Keyser Marston.

Mr. VENTO. If the gentlewoman would yield, on page 5 of the testimony from the GAO they point out the cost differences due to the Keyser Marston assumption that large tenants would be brought in and they would allow several buildings to be rehabilitated, saving 20 to 30 percent in rehab costs. And the other buildings would be mothballed until tenants could be found, saving costs of maintaining. And, third, the Letterman Hospital would not be removed and would generate more revenue. So, obviously, that too.

Now, of course, the Letterman, we know, one of the facilities there is a world-class research center. But the hospital portion of that, I think the gentlewoman would concede, is more of a debatable or at least questionable—

Ms. PELOSI. Yes.

Mr. VENTO. The point is a valid one. You have presented here cost ranges that include cleanup costs, they include transition costs which are fire trucks. They include infrastructure repair and upgrade. Some of these dollars have already been appropriated and expended at the behest of the gentlewoman from San Francisco and are anticipated to be costs, irrespective of what we do in terms of the environmental cleanup.

You may be right in the sense that some of the asbestos or lead is a more debatable point. But I think that, given the figures that we have before us from our perspective, not taking anything away from GAO, are a couple hundred million dollars above what they would be. And, of course, then there are differences. And I think that we want more analysis on the part of GAO and we could ask for further analysis of Alternative A with Keyser Marston to do an addendum or at least address these particular questions on an analysis basis so we can get their expertise on this matter.

I thank the gentlewoman for yielding.

Ms. PELOSI. Thank you, Mr. Chairman.

Gentlemen, regarding the operating costs, you say in your report \$44 million based on historic O&M levels. This implies O&M costs prior to base closure. Is that the prior levels we are referring to?

Mr. DUFFUS. That is based on five-year O&M costs that the Army had experienced at the Presidio.

Ms. PELOSI. What is the source of that? What assumption did you use about that? You just took the Army's costs? So this is not a projection about what it would be under a completely different situation which is we are not maintaining an Army base.

Mr. DUFFUS. That is the Army's experience of what has been the average annual costs to operate and maintain the Presidio for five years.

Ms. PELOSI. You would agree that the mission is different as a park than it would be as an Army base?

Mr. HUNT. As a park, the estimates that have come in were developed by a consultant retained by the Park Service. The consultant estimated that the costs to operate and maintain the Presidio as a park will range from \$38 million to \$40 million beginning in fiscal year 1996 through the year 2010. So there is a difference between the two figures. Operating as a military installation the Army says that it costs approximately \$45 million a year to operate. Operating as a park, it will be reduced to between \$38 and \$40 million.

Mr. VENTO. If the gentlewoman would yield further, the military apparently pays all of the utility bills, all of the water charges and so forth; is that correct?

Mr. HUNT. That is correct.

Mr. VENTO. And "operating as a park" is paying all of the utility bills, paying all of the water?

Mr. HUNT. That is also correct, sir.

Mr. VENTO. So I think the question here is on the basis of Alternative A where much of this would be leased and only a small portion would be retained by the Park Service. It seems like a rather large portion as a matter of fact to me, but I guess the Park Service is going to take a lot of space up there. But they would only occupy after removal of a lot of the buildings which they will no longer have to heat or do those things to. And, of course, you do not get the revenue either, I guess.

But those figures would be modified as I am suggesting by the fact that the lessee would pay the utility rate and other types of activities.

Mr. HUNT. The Park Service has estimated between \$18 million and \$30 million a year would come in from the tenants.

Mr. VENTO. That will then take us down into the ballpark of \$25 million or maybe even down as low as \$16 million, depending on how good a deal they negotiate.

I think the work they have done is good in terms of taking figures. It's just that we have to pay attention to the details, as Congressman Hansen said, and I am prepared to do so.

Ms. Pelosi.

Ms. PELOSI. I am prepared to do so as well, Mr. Chairman, and I thank the gentlemen for their testimony.

Mr. VENTO. It is important, because we have always been appreciative of the work that GAO has done. You do great work. But they obviously answer the questions that they are asked. If we don't ask the questions, we don't get the answers.

We will try to use your guidance and see where we can use your energies best so that we can most appropriately resolve these questions.

Clearly one of the questions is trying to set some benchmarks for philanthropic organizations. Other questions are for law enforcement. Others are ongoing operation and maintenance costs which can be efficiently addressed by working with the city.

Frankly, the Park Service may be able to do some things more efficiently than when they were done. There is the right way and there is the Army way, so to speak. Not to pick on them, but there may be some opportunities here for savings and for better use of this resource.

I have no further questions at this time. I notice Congressman Hansen had a significant number of questions that he wants to submit in writing. I have a longer list, believe it or not, that my staff has written for me that I did not think to ask now.

So we will submit questions in writing without objection, Congressman Hansen and myself and others that are interested. And hopefully we will receive answers in a timely manner to facilitate our consideration of this important measure.

I think the point here, and I do not want it to be missed by anybody, that the Park Service would like this issue resolved as soon as possible so that they can have the authority to move ahead with the lease authority now. Of course, that is a big question in the sense that I think others are not making the presumption, as I may have made in my statement, about the policy path that was established in 1992 and is now manifest in 1993 in terms of the base closure.

So it is an important question. And if we cannot resolve it, it will slow down matters considerably.

Mr. Duffus, thank you for your testimony. Mr. Hunt, and your other colleague, Mr. Woodward, thank you.

PANEL CONSISTING OF WILLIAM K. REILLY, SENIOR ADVISOR TO THE PRESIDIO COUNCIL; TOBY ROSENBLATT, CHAIRMAN, GOLDEN GATE NATIONAL PARK ASSOCIATION, AND VICE CHAIR, PRESIDIO COUNCIL; AND, JERRY KEYSER, PRESIDENT, KEYSER MARSTON ASSOCIATES

Mr. VENTO. I am pleased to welcome the first panel, Toby Rosenblatt, Chairman, Golden Gate National Park Association; William Reilly, Senior Advisor to the Presidio Council; and Mr. Keyser, President of the Keyser Marston Associates.

We have lots of Keyser in Minnesota, Mr. Keyser. I hope that you will not tell them about my mispronunciation of your name.

Your statements have been made part of the record. I have them before me. So you can feel free to summarize or read the relevant portions thereof.

Mr. Rosenblatt, Congresswoman Pelosi, do you have any comments? She has already credited you with a lot of work and effort earlier in her introductory remarks. And we will just proceed, unless you have any other comments, Ms. Pelosi.

Ms. PELOSI. I want to welcome the very distinguished panel. They are here because they have testimony to present. They have testimony to present because of the hard work and the commitment

they have demonstrated and the leadership they have provided on this issue.

Mr. Keyser will bring us some answers to some of the questions from the former panel.

I am so proud of the work that our local community has done. Mr. Rosenblatt has been one of the leaders in that regard. And, of course, we are enormously proud of the association now of Mr. Reilly to this effort.

So I wanted to join you, Mr. Chairman, in welcoming them.

Mr. VENTO. We thank them. In the rarefied air of the committee room, we often have great thoughts about achieving high expectations and goals. The reality is that it rests upon a lot of other people to fulfill those goals often. So we are pleased that the panel before us has been striving to do so.

Thank you.

Mr. Reilly or Mr. Rosenblatt.

Mr. ROSENBLATT. With your permission, we would like to start with Mr. Reilly.

STATEMENT OF WILLIAM REILLY

Mr. REILLY. It is a pleasure to be here and testify. It is the first chance that I have had or have taken to testify since I left public office on any issue, and I will ask that my statement be included in the record and I can summarize it briefly.

I have four, maybe five points that I would like to make based largely on the conversations that we have heard this morning thus far, and I regret that Mr. Hansen is not here, because I think that he raised some very good questions.

As a conservationist well before I went to the Environmental Protection Agency, I had a long history with the national parks. I was the person in charge of public lands, the Council on Environmental Quality, 1970 to 1972. Later, the Conservation Foundation, we posed a report, National Parks for a New Generation, which was a comprehensive look at the policies and problems affecting the national parks.

I became familiar with the arguments raised against the inclusion of parks in Alaska, the Chatahoochie in Georgia, the Cuyahoga in Ohio, and Gateway in Santa Monica, the foothills and the rest. The question of appropriateness and worthiness has always arisen and it is a very important question.

It is particularly important, I think, when Mr. Hansen raises, as he did, the concern that we confront fiscally the problem of spreading a thin veneer over a widening area of responsibility and hoping that somehow it all holds together. I think, in fact, the question of whether or not there are unworthy parks or "dogs," as he called them, in the system is a pretty good one. And were it ever to be addressed would have to be addressed probably the same way the Congress addressed the base closing problem, with a national view, with strict criteria, with leadership coming from here. Because the truth is that those dogs, if that is what they are to be called, if they are in the system, were put in by the Congress. And now it may be appropriate in the Interior Department as in the agency I ran and so many others to start with the zero-base assumption for budgeting. And see what really makes the cut.

The point I would make with respect to the Presidio is that under any criteria you apply, the Presidio qualifies. It is the outstanding opportunity in the United States today for a new inclusion into the national park system. It qualifies in terms of natural resources, natural distinction. It has an unparalleled site. It qualifies in terms of historic and cultural richness and diversity with 300 years of history, archeology, three flags that have flown over it, and the rest. It qualifies in terms of its flora and fauna. Migratory birds and other species of plants that are unique or virtually so to that site. It belongs in the National Park System.

Secondly, there is the question of money. And it is a fundamental question. And I take it very seriously. And I think these objections that have been raised are not by any means trivial.

I would simply make a couple of observations with respect to money, the kind of money that we are talking about in the range of \$16 to \$25 million maximum is itself relative to the distinction of the site and to the number of visitors that go to that site not significant at all, perfectly in line with traditional costs for national parks.

I have to point out that having run an agency that was funded out of discretionary spending, out of that side of the budget, that when considerably more money was spent on this facility as part of the defense appropriation, no questions were raised about the amount of money that was not even around. And we have the opportunity now to do something equally if not more important to make this cultural resource available to the whole country for recreation, for edification, and I think for leadership in demonstrating opportunities, practical ones, for environmental stewardship.

I think we ought to keep that in mind and keep in mind also that it costs about \$29 billion now to clean up a Superfund site. We can have a national park for less, and a very significant one.

My third point has to do with money. If you are concerned about money, you are concerned about tenants. I have had conversations with senior representatives of a number of governments and of some corporations who show every sign of having very serious interests in locating at the Presidio. Now, obviously, if they are to do that, they are going to want facilities there, facilities with which that site is richly endowed, uniquely endowed. It is a new kind of park, an unconventional park. And the presence of so many buildings, particularly so many significant buildings, ought to be seen as an opportunity, an opportunity to do precisely the job that Mr. Hansen and others are so concerned to have us do. And that is to keep the costs down.

You don't, if you're trying to keep the costs down, get rid of your milk cows, get rid of the very properties—I'm heading into an allegory of dogs and cows here unintentionally—[Laughter.]

Neither are endangered, but there it is. You do not sell off the very facilities that are of most interest to those who can pay full market rentals.

Third, I think to get these tenants—we cannot say practically and specifically who they are or the nature of their interests, because as has been pointed out, we have not had authority to negotiate leases with them. We have got to have that authority, we have got to have leasing authority. And, in my opinion, we really

ought to move just as fast as we can to get long-term authority that recognizes that there are some things that the National Park Service does extremely well. Environmental education, interpretation, management of the natural resources of the forest and potentially the wetlands restoration that will take place.

There are other things that I think a public-private partnership can do better. And those will have to do with recognizing entrepreneurial opportunities, closing in on economic possibilities quickly, negotiating fast with commercial tenants, recognizing what an appropriate mix of such tenants would be, who the anchor tenants would be, and so forth. And moving us fast to a situation where we have the maximum contribution from the private sector to that park.

Fourth, I look back at the experiences that we had in Rio at the Conference on Environmental Development that took place a year ago June where the United States and other countries made some fairly significant commitments, the foremost of which was to elevate the environment as a matter of national policy equivalent to and integrated with our policies for economic development, agriculture, technology, trade and the rest. That, I think, is an opportunity that can be uniquely exploited by the Presidio.

We expect to have world-class research facilities there, we expect to demonstrate new environmental technologies there, and I think that we have a large opportunity to train people from all over the world which EPA is now doing in connection with AID in environmental management and in very technical aspects of environmental management, and to do so at the Presidio. I think other governments would welcome that opportunity. I think economically it is in our interest to do it as environmental technology sales have risen to a \$200 billion world industry. And I think the Presidio is the place that that should happen.

And, finally, in conclusion, I would just say that the Presidio is a mature site. It has a large number of buildings on it, it has some contamination that has to be cleaned up, it has some wetlands that have been covered over and that could be restored. It has—an altogether astonishingly beautiful site and location, and the only international reserve in any urban area, surrounding any urban area, in the world.

It also has represented by many of the people on the council that I have been working with—and I am not a San Franciscan; I have only been out there for about four or five months—it has tremendously involved, informed, and generous people. I do not recall that as EPA administrator I had the kind of talent or generosity available to me from the private sector that Mr. Kennedy and Secretary Babbitt have available to them.

I mention that because I think that the question of the city's contribution has been raised here. It has already, in my opinion, as an outsider recently joining this group, been significant. And I think it can be very significant in the future.

I look at the resources raised by the private institutions from philanthropic entities in the San Francisco area, whether they are Stanford, the opera, or whatever. I think they are very notable. I think this city's leadership will be more than generous, more than

worthy of this kind of investment. And when thinking through the federal obligation, I think that should be kept in mind.

I repeat in closing, I think that the Presidio is the most significant opportunity to help move forward the reconciliation between nature and culture that we have in the United States And I strongly encourage this committee to support that point of view.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Reilly follows:]

STATEMENT OF WILLIAM K. REILLY

Subcommittee on National Parks, Forests and Public Lands

October 26, 1993

Mr. Chairman, I appreciate the opportunity to testify today about the Presidio. This is the first time since I left public office last January that I have testified on any issue. The Presidio came to my attention while I was Administrator of the Environmental Protection Agency and I toured the facility and was briefed on various aspects of the proposed transfer from the Army to the Park Service.

For many years I have had an interest in the national parks. At the President's Council on Environmental Quality from 1970 to 1972, I was responsible for land use matters. Later, as President of the Conservation Foundation, we published the report, National Parks for a New Generation, a comprehensive policy report on the national parks. I recall the great debates that attended a proposal to site a jetport for Miami in the Florida Everglades, which CEQ, may it rest in peace, derailed, and I followed the arguments surrounding expansion of the national parks in Alaska, and the controversies about the appropriateness and worthiness of such new parks as the New York and San Francisco Gateways, Georgia's Chatahoochie, Cuyahoga in Ohio, and the Santa Monica Mountains.

The Presidio is unique. It is, in my opinion, an urban park worthy of inclusion among the crown jewels in the system, deserving on natural resource grounds alone, of becoming a national park. You have seen it, you know its dramatic site, with its views out over the broad Pacific in one direction, and San Francisco Bay in another. You know its steep cliffs and stunning shoreline and broad lawns, its unparalleled views across the Golden Gate to dramatic and unspoiled parkland.

The Presidio qualifies also on historic grounds, for three centuries of military history

under the Spanish, Mexican and American flags, have seen the fort guard the Bay, send and receive troops for several wars, and advance medical practice and technology for battlefield injuries.

The Presidio has archeology dating to the 17th century Spanish fortress, and it is the final resting place of American veterans of almost all of our wars. From the Presidio, military expeditions packed out annually in the spring to secure and control national parks such as Yosemite.

The Presidio has endangered plant and animal species, migratory birds and the potential for restored wetlands. The entire Presidio is contained within an International Biosphere Reserve, a United Nation's designation given to the vast terrestrial and marine preserve surrounding the Golden Gate -- it is the only such reserve in a major urban area.

Scenically, naturally, historically, culturally --- on these grounds alone, the Presidio deserves to be part of our national park system.

The Presidio also has the potential to become a truly emblematic park for the next century --- demonstrating new thinking in the areas of environmental sustainability, innovative technology, environmental education and stewardship. It can be a place where we can demonstrate the latest advances in environmental technology to a ready audience of over 20 million visitors a year.

To a number of people, there seems to be an inconsistency between a national park and the purposes envisioned for the Presidio. To address that question, let me reach back to the beginning of the National Park System. A century ago, America led the world by creating the first national park. Preserving natural resources for the enjoyment of the public

was a concept that revolutionized the way that people would view portions of their environments. Today, we have before us another leadership opportunity -- to lead the world by creating a national park dedicated to the concept of environmental stewardship -- a concept that recognizes that environmental challenges are global and that their resolution must involve interdisciplinary discussions of trade, urban development, threats to the global atmosphere.

The Presidio, it is true, presents unconventional problems, and would be a different kind of park. It is a mature site, with a rich past, some contamination to clean up, obliterated wetlands that might be reestablished, over 800 buildings, many historic and some not so worthy, a research facility and much more. This site with its variety, its human-made diversity and its natural distinction, virtually cries out to us to put things together, to realize the promise of the commitments the U.S. made at Rio a year ago last June to elevate the environment in all policy spheres, and to bring new technologies to bear on environmental problems. The Presidio, poised for transformation with the waning of the Cold War, is like America itself, mature but faced with a large new opportunity now to aspire to achieve socially and environmentally what heretofore, with the distractions of national security, we could only dream about. I cannot think of a more appropriate place than the City where the United Nations was born to demonstrate our new thinking on the environment. This new national park will be situated at an international crossroads on the Pacific Rim -- a place that already receives 20 million visitors each year.

Some of you may question whether the "vision" for the Presidio is practical, given the climate of fiscal restraint that we are currently faced with. With the correct management and

an appropriate financing plan, I am convinced that this park can be established at a cost that is in line with that of other national parks.

The first critical step has already been taken. Converting the Presidio from a military base to a national park will save the American taxpayer nearly 300 million dollars in the next 15 years. This is based on the Army's operating figures and Keyser Marston's projected federal contribution to the park.

The second step is to dispel certain myths that have been circulating about the Presidio -- myths that tend to make our task seem more daunting than it really is --- myths that overstate square footage at the Presidio, overestimate capital improvement costs and operating expenses. Jerry Keyser will speak to these myths in just a moment and I believe you will find them convincingly refuted.

Third, we must establish a new management partnership that can manage building properties with expertise and efficiency. All officials of government should support efforts to make government work more effectively. The Administration has signalled its intention to "reinvent" government. Perhaps the best way to do this is to create partnerships between government and private organizations -- partnerships that work by combining private sector efficiencies and expertise with public sector goals and objectives. The Presidio is a perfect place for such a partnership. Management experts who have looked at the Presidio believe the most effective management alternative would be the federally chartered public benefit corporation that Congresswoman Pelosi will propose in her legislation. The proposed Presidio Corporation would provide for managerial flexibility and the ability, like any business, to take on debt to finance capital improvements. This legislation should be enacted

as quickly as possible.

Fourth, the Presidio must have tenants --- good tenants who can pay fair market rents while also contributing to the programmatic objectives of the park. The opportunities are out there --- a number of first class universities are interested in space at the Presidio. Pacific Gas and Electric is interested in partnering with the Energy Foundation on innovative energy technology projects at the park. Other corporations are interested and so too are some foreign governments. I know because I have spoken with officials from several of them. What better place for the Administration to train officials from developing countries in environmental management, something AID and EPA are already doing at scattered sites around the country with funds partially provided by U.S. industries? This is not pie-in-the-sky; I've talked to some of these companies.

With a sound management partnership established and appropriate tenants in place, the Presidio will become the showpiece of an American tradition of innovation, experimentation and leadership. I urge your support in making this happen and I look forward to working together to create a national park that is truly ahead of its time --- a new kind of park for the twenty-first century.

Mr. VENTO. Thank you, Mr. Reilly. We will be back with a question or two in a moment.

We want to hear from your two associates, Mr. Toby Rosenblatt. Mr. Rosenblatt, Chairman, Golden Gate National Park Association.

STATEMENT OF TOBY ROSENBLATT

Mr. ROSENBLATT. Thank you, Mr. Chairman, members of the committee, for this opportunity to testify on the Presidio. I want to include all of my statement for the record, but I want to summarize today, particularly try to address some of the issues that have been raised this morning as it relates to the city's involvement, the local involvement, and the national constituencies that may be interested in the Presidio. So I would like to ask, not only as chairman of the Golden Gate National Park Association, the cooperating association for GGNRA, but also as Vice Chairman of the Presidio Council.

I am going, toward the end of my summary, talk of my involvement with the city that will answer questions raised earlier about the city's support and role for this national park.

As chair of the Association, I also would like to thank you, Mr. Chairman, and all the members of the committee for your strong commitment to the GGNRA. Because of your help, the GGNRA has become a park of truly national significance as attested to by over 20 million visits annually, many, many of whom come from all over the country and indeed from countries all over the world.

The council and its members are chaired by Jim Harvey, who unfortunately is not able to be in Washington today. Jim is Chairman of the Transamerican Corporation and in his own right has devoted himself to the interests of the national park system and is indeed currently the Vice Chairman of the Board of the National Park Foundation.

The Presidio Council is a group of 35 prominent individuals, and I commend to you the list of their names as part of my statement, because it truly represents a national constituency.

These people who come from careers in business, government, education, science, and the arts are devoting their pro bono advice and support to the Park Service in this challenging task. All of these individuals believe not only in the magnificence of this place, but also in its potential to become a truly unique national resource of the kind Mr. Reilly just described.

At the request of the National Park Service, the Presidio Council was formed in 1991 under the auspices of the GGNPA, the park association. Its purpose has been to provide ideas and advice from a diverse set of experiences with national perspective to the planning and implementation of the reuse of Presidio.

To fulfill that mission, the Presidio Council has raised already almost \$2 million of philanthropic support to respond to the requests of the National Park Service that has gone into just this planning mode. It suggests that there are, as we believe, much larger sums that can be raised for the actual implementation. In addition, we have been able to gather pro bono assistance from numerous national organizations such as McKinsey and Company, Arthur Andersen and Company, and others to augment the NPS work. The council has assisted in seeking programs and users of both national

and international background for guidance and recommendations on management and financial structure and strategies, generating public information materials and forums, and has recommended and funded consulting services to supplement the work of the National Park Service.

We have directed our efforts to promote the National Park Service role in its preservation and interpretation of the natural resources. And we have advocated the search for exceptional opportunities for tenants in the environment, in the built environment.

We have also concentrated on management strategies and provided the research on the feasible alternatives for implementation of the preferred implementation in the plan. What has emerged from this intensive study is a consensus that to be successful in this era of fiscal restraint, the Presidio's buildings and related facilities can and must be managed to ensure maximum responsiveness to the public needs with minimum costs.

To see this accomplished, the council advocates that a federally chartered public benefit corporation be created to undertake this management responsibility. Most emphatically, we endorse Congresswoman Pelosi's effort to create such an entity.

In the interim, the legislation for interim leasing authority may also be necessary while Congress considers the appropriate long-term management organization. This organization will manage the facilities in the Presidio which are not of the type normally administered in this scope and variety by the National Park Service.

And, of course, the open space, forest recreational land, and visitors centers will be managed and interpreted by the National Park Service as they do so well in other parts of the GGNRA.

In my statement, Mr. Chairman, I refer in much more detail to the reasons for our endorsement of such legislation. And I look forward to the future deliberations on that.

As the official cooperating association, we have developed, as I mentioned, significant philanthropic sources in our community. We anticipate from prospecting and interest shown in the Bay Area and conversations with several national foundations that additional significant sums can be raised over the years if the donors are convinced that the funds will be managed and expended in an efficient and cost-effective manner by an entity of the nature that we have described as the Presidio corporation.

Finally, I would like to provide one other perspective on the Presidio discussion. Prior to my involvement with the GGNPA, I served for 12 years as President of the City Planning Commission in San Francisco, an experience which provided a detailed understanding of the process for land use permits and entitlements.

In summary, let me just say from that perspective that any effort to sell all or part of the Presidio, even assuming environmental cleanup were accomplished and landmark compliance was in place, even assuming that, that process would face major hurdles in terms of time and expense. It is important, I think, to understand that in San Francisco, zoning and permit decisions are almost never a matter of right by law, but rather are subjected to governing body discretion and often referendum on the local ballot. It is likely that deliberations concerning such a sale of all or even parts of the Presidio would tie up such properties for at least a 7- to 15-

year period. And I would be happy to elaborate with examples during the question period if you would like.

Also from a city perspective, let me mention that I have been serving as the mayor's policy representative through this Presidio planning process. The National Park Service has involved the city in a totally cooperative, very positive manner so that the city government officials feel very good relationships with the Park Service as the Presidio plans move forward.

The reality, however, is that the city has no resources to do the kinds of things that Mr. Hansen was suggesting. They are willing, however, they expect indeed to have in place backup responsibilities and agreements negotiated with the Park Service. And both the Park Service and the city fully anticipate that this will happen. Backup for fire, police, emergency facilities, water, sewer, whenever facilities and staff of the Park Service may need that and they are not available.

So that, I would say, is the extent to what the city is able to do. But it is, indeed, a very significant contribution.

In conclusion, let me say that the National Park Service plan for the Presidio is well done. It is a fiscally viable plan which will generate employment and vitality while meeting the criteria for the Park Service and the criteria for a national park.

To make it work, it requires a unique mix of public and private management and the Presidio Corporation. On behalf of the council and of the trustees and of the thousands of members of the Golden Gate National Park Association, and the millions of visitors who will benefit by what is contemplated here today, I urge you to support and fund the plans for the new era of the Presidio.

Thank you.

[Prepared statement of Mr. Rosenblatt follows:]

STATEMENT OF TOBY ROSENBLATT
VICE CHAIR, PRESIDIO COUNCIL
CHAIR, GOLDEN GATE NATIONAL PARK ASSOCIATION

House Subcommittee on National Parks, Forests and Public Lands

October 26, 1993

Thank you Mr. Chairman and members of the Committee for the opportunity to testify today on the Presidio -- a tremendous national resource and unparalleled opportunity. And thank you, Congresswoman Pelosi, for your steadfast support for this unique addition to our National Park System.

As Chair of the Golden Gate National Park Association, I would also like to thank you, Mr. Chairman and all the members of this committee for your strong commitment to national parks and for your support of the Golden Gate National Recreation Area. Because of your help, the GGNRA has become a park of truly national significance -- as attested to by over 20 million visitors annually.

Now, thanks to the foresight of some very determined individuals, including Amy Meyer who will testify later, and to Congressman Phil Burton, the Presidio will soon become the centerpiece of a great urban park.

THE PRESIDIO COUNCIL

I come here today, not only representing the Golden Gate National Park Association, but also the Presidio Council, its members and its distinguished Chair Jim Harvey, who is unable to be in Washington today. Jim, who is Chairman of the Transamerica Corporation, has devoted himself to the interests of our National Park System and is currently the Vice Chairman of the Board of the National Park Foundation.

The Presidio Council is a group of 35 prominent individuals from throughout the United States, who have come together to provide pro bono advice and support for the Park Service in the challenging task of transforming the Presidio into a national park. Council members (see attached list of members) hail from distinguished careers in business, government, education, science and the arts. All of these individuals are devoting volunteer time and energy because they believe not only in the magnificence of the place, but also in its potential to become a truly unique national resource for the kind of uses you have heard described today.

At the request of the National Park Service, the Presidio Council was formed in 1991 under the auspices of the Golden Gate National Park Association, the official cooperating association for the GGNRA. Its purpose has been to provide ideas and advice, from a diverse set of experiences with national perspective, to the planning and implementation of the reuse of the Presidio.

To fulfill that mission, the Presidio Council has raised almost \$2 million of philanthropic support to respond to the requests of the National Park Service. In addition, it has gathered the pro bono assistance of numerous national organizations, such as McKinsey & Co., Arthur Anderson & Co. and others to augment the NPS work.

The Council has assisted the National Park Service:

- o in seeking programs and users of both national and international background,

- o has provided guidance and recommendations on management and financial structure and strategies,
- o has generated public information materials and forums,
- o has recommended and funded consulting services and research to supplement the work of the National Park Service.
- o We have directed our efforts to promote the National Park Service role in preservation and interpretation of the natural and historic resources of the Presidio; and
- o We have advocated the search for exceptional opportunities to occupy the built environment in the Presidio.
- o We have also concentrated on management strategies and provided the research of the feasible alternatives for implementation of the Plan.

What has emerged from this intensive study, is a consensus --- that, to be successful in this era of fiscal restraint, the Presidio's buildings and related facilities can and must be managed to ensure maximum responsiveness to public needs with minimum cost. To see this accomplished, the Council advocates that a federally-chartered public benefit corporation be

created to undertake this management responsibility. Most emphatically, we endorse Congresswoman Pelosi's efforts to create such an entity. In the interim, the legislation for interim leasing authority may also be necessary while Congress considers this appropriate long term management corporation.

THE NEED FOR A PUBLIC BENEFIT CORPORATION

Congresswoman Pelosi's long term legislation, which I hope the Subcommittee will consider next, would create a "Presidio Foundation" or "Corporation" to manage the facilities in the Presidio which are not of the type normally administered - in this scope and variety - by the National Park Service. It would be responsible for leasing, maintenance, property management, and program fulfillment -- all within the provisions of the final NPS Plan for the Presidio. Of course, the open space, forests, recreational land, and visitor centers would be managed and interpreted by the National Park Service as they are doing so well in other parts of the GGNRA.

The Council endorses this approach for five basic reasons:

o Flexibility

The Presidio Foundation would have the flexibility to hire experienced specialists in real estate management, finance and leasing outside the federal service and place them in positions of line authority to carry out the Presidio's objectives. It would also have the ability to finance capital improvements through private and public borrowing -- a

facility that is absolutely critical to the fiscally sound operation of the Presidio, for the building and infrastructure improvements and to the objective of minimizing appropriations.

o Efficiency

By reducing decision turnaround time, the Foundation could manage Presidio real estate in an efficient, cost-effective and tenant-responsive manner. Savings could also be achieved in the management of capital improvement projects and possible economies of scale in the provision of utilities. As you will hear from Jerry Keyser shortly, analysis of the implementation process forecasts a 20-30% savings resulting from this Foundation approach to management in contrast to normal Federal government agency management.

o Philanthropic potential

As the official cooperating association for the Golden Gate National Recreation Area, the GGNPA has developed strong relationships within the philanthropic community. As mentioned, we have to date raised close to \$2 million for the Presidio planning process. We anticipate, from prospecting and interest shown in the Bay Area and certain national foundations that additional significant sums can be raised over the years if donors are convinced that funds would be managed and expended in an efficient and cost-effective manner by an entity of the nature of the proposed Presidio Corporation.

o Accountability

The Foundation would be accountable to the public. Public officials would serve on its Board of Directors; annual reports on its activities would be submitted to Congress, the Administration and the public; its activities would be required to be consistent with the publicly approved General Management Plan for the Presidio.

o Proven Approach

In 1992, the nationally reputed firm of McKinsey & Co. researched over two dozen successful public-private partnerships throughout the United States and applied their findings to the specific management needs at the Presidio. Based on this research, McKinsey recommended the type of public benefit corporation that Congresswoman Pelosi is suggesting as the best management option for the Presidio.

THE PROBLEM FOR ENTITLEMENTS

Finally, Members of the Committee, I would like to provide one other perspective on the Presidio discussion. Prior to my volunteer involvement with GGNPA, I served for 12 years as President of the City Planning Commission in San Francisco, experience which provided a detailed understanding of the process for land use permits and entitlements.

For the Presidio's future, several alternatives were studied by the Planning Team. The feasible ones are included in the Draft Environmental Impact Statement. The separation and sale of portions of the Presidio into the private market are not included. Primary among the

reasons for not contemplating such sale is the very difficult, indeed, nigh-impossible prospect for a private party or even the City or the State to obtain an economically viable development permit for any of the Presidio land if such should revert to the planning jurisdiction of the City of San Francisco. In San Francisco and California, as you may know, zoning decisions and permits, particularly for large parcels, are almost never a matter of right under the law, but rather are subject to governing body discretion. In addition, most very controversial projects are subjected to the very active use of the referendum on local ballots in our state.

Any portion of the Presidio property offered for development therefore is not likely to attract interest until entitlements can be secured. Those in turn would be the subject of intense local debate with the predominant pressures pushing for zoning as open space or single family housing because it is surrounded by residential neighborhoods. The former would be problematic because there are no foreseeable operators at the City or State level for such open space and the latter would be challenged by housing advocates seeking affordable housing inclusion. It is likely therefore that such deliberations would tie up any such property for a 7 to 15 year period. Several important properties in the City have undergone similar circumstances; our Yerba Buena Center (a complex of park, cultural centers, housing and office and retail space) has just opened, 30 years after its initiation. Mission Bay is a 22 acre multi-use development on the east side of our City and it will begin housing construction next year, 10 years after its initiation. Rincon Center, a surplus U.S. Post Office in downtown, took about 4 years before construction could begin for a new retail, office and housing use. Hamilton Air Force base north of San Francisco, another major Federal property, has been

ties up in the entitlement debate for more than 15 years now.

THE OPPORTUNITY AND THE NEED

The NPS proposal for the Presidio contemplates a fiscally viable plan which will generate sufficient employment and economic vitality while meeting the mission of the National Park Service and the criteria for a national park. It requires the unique mix of private and public management and the Presidio Corporation to make this a reality.

In conclusion, on behalf of the Presidio Council, of the Trustees and the thousands of members of the Golden Gate National Park Association, and the millions of visitors who will benefit greatly in the future, I urge you to support and fund the plans for the new era for the Presidio. Most importantly, I urge you to consider and adopt legislation to establish the public-private partnership - the Presidio Foundation - which is the most effective means to implement this wonderful national opportunity.

PRESIDIO COUNCIL

(Rev. 06/15/93)

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 Chairman
 Transamerica Corporation
 San Francisco, CA
Chair, Presidio Council

Roy Eisenhardt
 Director
 California Academy of Sciences
 San Francisco, CA
Vice Chair, Presidio Council

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Mr. VENTO. Thank you, Mr. Rosenblatt.

And finally on this panel, Mr. Keyser, President of Keyser Marston Associates.

STATEMENT OF JERRY KEYSER

Mr. KEYSER. Thank you, Mr. Chairman and Ms. Pelosi. Thank you for the opportunity to testify today on our recommended strategy for implementation of the Presidio plan. I am Jerry Keyser, President of Keyser Marston Associates. We have one of the largest real estate advisory services on the West Coast. We have been in business for 20 years, we have had 500 clients working on 2,000 different assignments, including many of the largest public-private partnership projects.

In addition to that, we had on our team—and I think that this is important, and I am going to make some additions and hopefully some deletions to the written statement that was given to you. The additions being intended to try and clear up if we possibly can some of the confusion that was generated during the GAO dialogue.

We had on our team a developer who was responsible for one of San Francisco's largest historic rehabilitation and mixed use projects, the Recon Center Post Office Project. We had former senior executive in charge of real estate lending for the Bank of America, a consultant who specializes in the hospitality industry, and a former city planning director of San Francisco.

For that team, I would like to summarize our findings, explain why we support the Pelosi legislation, and then answer any questions that you may have.

Mr. Chairman, we are keenly aware that to be successful, the Presidio must operate in a manner that minimizes cost to the federal treasury. We have recommended an implementation strategy for the Presidio with this very requirement in mind. Also, based on the objectives articulated in the draft general management plan.

At the end of this session, I would like to submit our analysis to you for the record.

Under our recommended approach, managing the Presidio as a national park will be much less costly than operating it as a military installation. The result and overall savings to the federal government and a productive example of military base conversion for California and for the nation.

Additionally, we will have preserved a national landmark in perpetuity for the enjoyment of millions of Americans.

Critical to this approach, absolutely critical in our judgment, is the creation of a public benefit corporation to manage the built environment at the Presidio. I understand that Congresswoman Pelosi is preparing legislation to that effect and will introduce it shortly.

Our analysis assumes the existence of such a corporation. A corporation that would have an entrepreneurial skill base, managerial flexibility, the ability to enter into long-term leases, and an ability to raise capital privately and/or publicly.

Because the corporation would manage all of the built areas of the Presidio, it could achieve significant savings through efficiencies and economies of scale. If given adequate authority, such a corporation would reduce Presidio costs by 20 percent to 30 per-

cent when compared to the alternatives of the traditional federal government techniques or small tenants remodeling, rehabilitating their own small spaces.

I think this is one point where at least some of the confusion in the dialogue earlier with GAO was a factor. I think that significant saving that would result from this corporation is not taken into account.

In 1992, the reputed management firm of McKinsey and Company recommended as, obviously, we have a federal benefit public corporation as the most cost effective management forum for the Presidio. Assuming the creation of such a corporation within 12 months, we project the total annual need for the Presidio to average about \$28 million through 2005. After that date, a total annual cost to drop to \$22 million. And, beyond 2008, down to the \$16 million range that you heard about earlier this morning.

In contrast to earlier assertions that capital cost at the Presidio would be a billion dollars, our analysis indicates the figure to be much lower, \$590 million, which would be spread out over the period out to the year 2010. Of this total, it is our judgment that \$345 million could be financed by the public benefit corporation.

This would result in a number where, again, I believe that there was some confusion earlier this morning. If \$345 million is raised in the manner that we indicate and we believe to be absolutely possible, that would represent 60 percent of the total capital cost requirement coming through this source. In other words, I think some mentioned this morning that the underlying methods for getting at that perhaps were somewhat arbitrary in nature. I want to assure this committee that they were not arbitrary at all. We used the standard practices of the industry in going through a methodology that, again, the industry recognizes and accepts every day where one looks at fair rental value, relates that to typical operating costs, and concludes with a net operating income that can then be translated into a potential value that can be generated by the project. And that is the procedure as I say very in keeping with that which the industry uses in order to arrive at the \$345 million number.

Now the Defense Department is going to be responsible for the asbestos removal and certain infrastructure improvements worth more than \$90 million, of which a substantial portion has already been appropriated. This leaves a remaining \$150 million to be funded through a combination of appropriations and philanthropy over the period out to 2010.

I think you have heard testimony this morning as to the probability—the high probability of being able to achieve that level of philanthropy that we have identified, which is really just a little over \$30 million.

Now, as part of our analysis, we also examined three alternatives as suggested in the draft environmental impact statement. As a result of this examination, we concluded that the bottom line figures that I cited earlier are not necessarily reduced as a result of either the demolition of more buildings or taking out the Letterman complex and the public health service hospital from the park.

The Alternative C, for example, which presumes that the Presidio's boundaries would be redrawn so that the Letterman build-

ing as well as the public health service hospital would be placed outside are examples where this is true because the alternative, on the one hand, reduces capital improvement costs, but it also reduces supportable building financing and it reduces the supportable building financing more than it reduces the cost.

In summary, after examining the three alternatives proposed in the EIS, we concluded that the total net cost for the recommended plan would be lower than any of the alternatives.

In closing, I would just like to reiterate my earlier assertion that the establishment of the public benefit corporation is absolutely critical to the success of the implementation strategy. We believe that it is also responsive to the general public mood to reinvent government and to provide more flexibility and entrepreneurial approaches to public challenges.

Swift enactment of this interim comprehensive legislation that has been introduced and will be introduced is needed to assure America's taxpayers the greatest possible benefits at the lowest possible cost.

Thank you, Mr. Chairman, for the opportunity to present this information to the committee today. And I hope that I have provided some clarification as to how we can achieve the objectives outlined in the Presidio plan.

I would be happy to answer any questions.

[Prepared statement of Mr. Keyser follows:]

STATEMENT OF JERRY KEYSER
KEYSER MARSTON ASSOCIATES

House Subcommittee on National Parks, Forests and Public Lands

October 26, 1993

Mr. Chairman and members of the Committee, thank you for the opportunity to testify this morning on the Presidio implementation study. I am Jerry Keyser, President of Keyser Marston Associates. We are one of the largest real estate advisory practices on the West Coast and have served over 500 clients on more than 2,000 projects in the past 20 years. Our best-known expertise is in the area of economic and land use evaluation, repositioning of obsolete property, real estate analysis and project and public policy financial analysis. Together with the Mancini Company and Dean Macris, we have developed an independent analysis of the costs of carrying out the Draft Plan for the Presidio. I would like briefly to summarize our findings, explain why we support the Pelosi legislation and then answer any questions that you may have.

Mr. Chairman, we are keenly aware that, to be successful, the Presidio must operate in a manner that minimizes cost to the federal treasury. While the site is a national treasure, we must preserve it in the most prudent and cost-effective manner possible. With this requirement in mind, we have recommended an implementation strategy for the Presidio, based on the objectives articulated in the draft General Management Plan. I would like to submit our analysis for the record.

Under our recommended approach, managing the Presidio as a national park will be much less costly than operating it as a military installation. The result: an overall savings to the federal government and a productive example of military base conversion for California and the nation. Additionally, we will have preserved a national landmark in perpetuity for the enjoyment of millions of Americans.

Critical to this approach is the creation of a public benefit corporation to manage the built environment at the Presidio. I understand that Congresswoman Pelosi is preparing legislation to that effect and will introduce it shortly. Our analysis assumes the existence of such a corporation with an entrepreneurial skill base, managerial flexibility and an ability to borrow privately and/or publicly. Because the corporation would manage all built areas of the Presidio, it could achieve significant savings through efficiencies and economies of scale. If given adequate authority, such a corporation would reduce Presidio costs by 20 to 30% -- a substantial figure given the magnitude of the numbers we are talking about.

In 1992, the reputed management firm of McKinsey & Co. recommended a federal public benefit corporation as the most cost-effective form of management for the Presidio. Assuming the creation of such a corporation within twelve months, we project the total annual need for the Presidio to average approximately

\$28 million through 2005. After that date, the total annual cost drops to \$22 million. Beyond 2008, the annual need is projected in the \$16 million range. These bottom line figures reflect Presidio-wide operating costs and an estimated \$590 million in capital improvements during the period out to 2010.

Dispelling myths about capital costs

In contrast to earlier assertions that capital costs at the Presidio would be a billion dollars, our analysis shows that figure to be much lower -- 590 million dollars during the period out to 2010. Of this total cost, \$345 million would be financed by the public benefit corporation. The Defense Department will be responsible for friable asbestos removal and infrastructure improvements worth more than \$90 million, of which a substantial portion has already been appropriated. The remaining \$150 million would be funded through a combination of appropriations and philanthropy over the period out to 2010. The levels of philanthropy required are achievable given demonstrated interest in the Presidio by potential funders.

Alternatives

As part of our analysis, we also examined three alternatives as suggested in the Draft Environmental Impact Statement. As a result of this examination, we concluded that the bottom line

figures that I cited earlier are not necessarily reduced as a result either of the demolition of more buildings or the excision of the Letterman Complex and the Public Health Service Hospital. EIS Alternative C, for example, presumes that the Presidio's boundaries are redrawn so that the LAIR and Letterman buildings as well as the Public Health Service Hospital are placed outside the Presidio. Although this alternative could reduce capital improvement costs below the level in the recommended plan, supportable building financing potential would also be reduced, resulting in an increase in the total capital subsidy required for this option. Net operating expenses under this scenario are also higher than those projected for the recommended plan due to reduced payments by tenants.

In summary, after examining the three alternatives proposed in the EIS, we concluded that the total net cost for the recommended plan would be lower than any of the alternatives.

In closing, I would like to reiterate my earlier assertion that the establishment of a public benefit corporation is critical to the success of this implementation strategy. It is also responsive to the general public mood to "reinvent government" and provide more flexibility and entrepreneurial approaches to public challenges. Swift enactment of Congresswoman Pelosi's interim and comprehensive legislation is needed to ensure America's taxpayers the greatest possible

benefit at the lowest possible cost.

Thank you, Mr. Chairman, for the opportunity to present these figures to the committee today. I hope that they have provided some clarification of how we can achieve the objectives outlined in the Presidio plan.

This ends my formal testimony. I would be happy to answer any questions that you or the committee may have.

Mr. VENTO. We will have to recess for just a second.

[A brief recess was taken.]

Mr. VENTO. The subcommittee will continue sitting.

Thank you all for your patience. It is definitely the case where turning to the right would have been better than turning to the left two blocks away.

Mr. Reilly, I listened with interest to your discussion about the designation of parks because of significance, feasibility, and all of the other buttons that we push in terms of doing something, most of which, you know, we usually find pretty good guidance in spite of the fact that some have suggested that there is no guidance for designation of parks.

Actually, the only point I was going to make is that it is not always Congress that does this alone. Almost everything—I do not recall just recently something being designated that was not signed into law. In fact, I think some of the candidates that were brought in in 1916 would probably fit the definition of questionable. So it is not a new phenomenon. And it is not a perfect one.

And there has been a plethora of things bought, where the resources are there but simply have not been brought to fruition in terms of being available for the public.

Mr. REILLY. I accept that, Mr. Chairman.

Mr. VENTO. I am a little sensitive on that point.

Mr. REILLY. I did not come up here my first time since I left office to attack Congress. [Laughter.]

Let me just say, the point I would make is that typically the more questionable parks got into the system over the protest, sometimes silent, of the professionals, I think, in the National Park Service who then are faced with the problem of having to administer them. And please nobody as they spread their resources out that do not increase.

The point I wanted to make, that we have in fact a tremendous opportunity here in that this park of this distinction is already in federal ownership. This is not a proposal for acquisition.

The question is, what do you do with something you are handed? And it seems to me that the opportunity is historic. The Park Service, as we have heard from the Director today, is enthusiastic about this opportunity. And I think the committee and the country should be too.

Mr. VENTO. I am. And I think you are exactly right, that there are lots of resources out there that are not in national ownership on a fee simple basis and we end up doing things like throwing covenants or other things over them to try to encourage through positive method, tax credits, and other devices to in fact preserve them.

But that is an interesting discussion for another day. If you ever have any interest in it, stop by and say hello and we will have a cup of coffee and talk about designation of parks and what should or should not be considered.

Mr. Keyser there is an economic opportunity for the city of San Francisco, isn't there? The proper development of this will deliver revenue property? Obviously they are foregoing in this particular venture the property taxes that would normally be paid on these endeavors?

Mr. KEYSER. Actually, it is anticipated I think that some possessory interest taxes would be paid to the city to offset some perceived cost. But clearly the city will be a net beneficiary. The spinoff benefits from the visitor industry is a major component.

If the science and education center can come to fruition as we envision it, that is one of the few growth areas in the city of San Francisco today. The opportunity for that to spin off positive benefits, really, is part of what I feel is the need for California to sort of reinvent its own economy and look to growth industries. And I think the Presidio, as it is envisioned in this plan, would play a central role there.

Mr. VENTO. In terms of the anticipated development of this public corporation and whatever the investment might be on the part of individual leaseholders, do you anticipate a traditional commercial relationship in which they would develop no equity in such properties? What we refer to in the Park Service as possessory interests?

Mr. KEYSER. Obviously, we are dealing with a leasehold situation. And the leasehold situation needs to be differentiated from a fee situation. But within the framework of the leasehold situation, if I understood your question, sir, it would operate like the private system operates in terms of dealing with and responding to its tenants.

Simply, it would give priority to tenants that are in keeping with the park purposes.

Mr. VENTO. Mr. Reilly, the expectation is that the leaseholders would pay fair market rent?

Mr. REILLY. Yes, sir.

Mr. VENTO. And that would be established, Mr. Rosenblatt, in the city? Maybe this is another question for Mr. Keyser. Do they have a commercial office space excess right now?

Mr. ROSENBLATT. Considerable.

Mr. KEYSER. The downtown vacancy level is somewhere around 11 to 12 percent, which is higher than we would like but lower than many other American cities.

Mr. VENTO. The average is about 20, 25 percent. Actually, it is lower. So you are competing in a market which is relatively better than many other areas of California and/or the country may be; is that correct, Mr. Keyser?

Mr. KEYSER. That is correct.

Mr. VENTO. And there is a lot of attention to these particular sites. Mr. Reilly, you suggested, for instance, that there are some anchor tenants here that have an extreme interest in locating on this specific site?

Mr. REILLY. Yes, sir, I think that's true. And I think once the authority to lease was present, we would find out that some tenants which, by the nature of their requirements, really cannot go into any of the vacant space in the downtown area, would find the Presidio uniquely appropriate to their needs.

We have had a lot of informal conversations, certainly enough to base a supposition that there is very serious interest, I think even impatience, on the part of some prospective tenants.

I mentioned also that there are some foreign governments that have expressed interest in displaying their own environmental

technologies and basically making the case, I think, to the very large number of people who will be at the Presidio that they are serious, advanced, maybe even also that they have technology that they would like to encourage people to think about using.

So I think there is a possibility of getting a mix of tenants here and doing so relatively soon, even irrespective of the high vacancy rate in the downtown area.

Mr. VENTO. Because it offers some amenities and surroundings that are unique and there is nothing like that, certainly, in San Francisco and probably, if it is not there, it probably is not anywhere on the West Coast.

Mr. Keyser, I was very interested in the comments with regard to the exclusion of the Letterman and its associated research area and the public health area from the mix of this particular plan. The elimination of it from such plan and the fact that other costs then would be higher because of the amount of revenue derived from these particular properties, from these buildings, would actually offset the overall costs.

Would you elaborate a little bit more on that for the benefit of committee members?

Mr. KEYSER. Certainly. The Letterman weir area in particular, as we envision the science education center, is a major opportunity to produce revenue for the park. And that opportunity to produce revenue either will be kept available for the park or it goes elsewhere. The public health service facility, the opportunity in terms of actual dollars to the bottom line is smaller, though positive.

But I believe that it plays a very important role in rounding out, fulfilling out the total park purposes in the marketing to the global center tenants and to the science education tenants.

Mr. VENTO. The point is that in the mix of activities, there are some that would be considered in the private market nonperforming in the sense that they would basically require dollars to maintain their operation, maintenance, capital improvements, as opposed to those that can pay not only their own costs but because of negotiated or fair market rent could in fact provide a stream of income which would offset the otherwise expenses for the nonperforming entities; is that right?

Mr. KEYSER. Yes. Actually, our analysis shows that the global center would not pay its own way and probably we envision a Spartan type of conference center at Fort Scott. Also, it would not pay its own way and will require a combination of assistance in order to operate.

Mr. VENTO. The projection with regard to the Sixth Army presence is that they probably will in fact pay their own way but we will not have a sink in that case, will we? Not negotiated toward that anyway.

I appreciate the work that you gentlemen have done and I am certain that there will be many hours now of analysis and scrutiny of this.

And we thank you.

Ms. Pelosi, do you have a question or two of this panel?

Ms. PELOSI. Mr. Chairman, I think you have been very thorough in your questioning, as usual.

I would ask if Mr. Keyser had anything that he wanted to add about the credentials of his own firm and their standing. Is there anything else that you want to say about the prospects for the Presidio?

Mr. KEYSER. Very briefly, I mentioned in connection with our own firm our association with many of the largest mixed use projects on the West Coast. I would tick off—and in all of these instances, by the way, we represented the public agency that was involved in the public-private partnership. The Uroigania, California Plaza Project, Bunker Hill, downtown Los Angeles, Horton Plaza in downtown San Diego, Premier Place in Portland, just to name four that have a very high profile.

I went into a little depth about the team because I felt it was important for the committee to understand, really, the rare attributes of experience that the total team brought together. And I would like to let you know that our work was really just a couple of exceptions where there was no other basis to rely on the Park Service, we did come in and provide an independent review. And I think that is very important for this committee to understand.

For example, in the area of cost analyses, while the Park Service had had architects go through and do very detailed studies with regard to building deficiencies and so forth, we again independently reviewed that information, the cost estimates, had our cost person walk through the prototype buildings and then come out to a very independent review and an independent opinion. And I think that that is important for the committee to understand.

I really believe, in closing in on the third part of your question, Congresswoman, I feel very confident about the implementation strategy and the financing proposal that we have put in place that really is, if followed and if your legislation is enacted, and I again can only keep reiterating how critical that legislation is, I really believe that we have an opportunity to implement this plan in a very glorious way.

Ms. PELOSI. I appreciate that. Thank you, Mr. Keyser, for your other testimony as well. Mr. Reilly, for your magnificent statement which we will quote often around here as a resource as we go forward on this. And I hope you will make yourself available to our colleagues on both sides of the aisle at your convenience.

And, Mr. Rosenblatt, thank you as well for your testimony today and for all that you have done to bring us to this point in terms of our dream at the Presidio. Thank you.

Thank you, Mr. Chairman.

Mr. VENTO. I think the question, of course, arises about the amounts of anchor tenants and others that are included in terms of whether or not the site could in fact be oversubscribed, in a sense. I don't know exactly what their overall plan is here when they get their visitors center and so forth lined up.

The point is, that in this plan, NOAA would be taking space, which I do not think was necessarily anticipated in the plan I have, but the previous panel had mentioned such. And the concern would be, of course, the public benefit corporation that is expected really to deal with the remainder of that, the non-anchor tenants; is that correct? As I understand the public benefit, are they expected to do all of the negotiation work?

Mr. KEYSER. We anticipate that they would do all of the negotiation work. I am differentiating between buildings and open space.

Mr. VENTO. So it is the anticipation that the authorities being sought by the Park Service here are necessary to do what, if they are not going to use it as lease authority?

Mr. KEYSER. Rehabilitate and lease all of the buildings of the Presidio.

Mr. VENTO. To the public benefit corporation?

Mr. KEYSER. The public benefit corporation, I guess, the way we have envisioned it is in effect the public benefit corporation is a lessee from the Park Service and they in turn are going to sublease to the tenants that will be at the global center and the science and education center and so forth.

Mr. VENTO. They will lead the negotiations on these issues. As far as a public benefit, it is essentially a non-profit organization; is that right?

Mr. KEYSER. Yes.

Mr. VENTO. We should be asking questions about realtor fees and other types of conventional fees that they might be charged for their expenses in terms of what they do at some point; is that correct, Mr. Keyser?

Mr. KEYSER. We should get into that issue, yes.

Mr. VENTO. Can you give me a general answer now and perhaps more specific later? This is your area of expertise.

Mr. KEYSER. I think the only general answer that I would give you right now, sir, would be again we really feel the need to make and see this corporation, even though it would be non-profit and, even though it has a clear public purpose, operating as much like the private sector as possible. And for example, and we made a presentation last week, the real estate community immediately wishes to know what is going to be in it in the way of possible fees and incentives for them to anticipate. And I think we do need to be responsive to that.

I would leave it at that generality for today. But I certainly think this needs to be visited in detail.

Mr. VENTO. We have had some trouble in terms of this sort of activity. And I have had more than passing interest in it because I had to sit as the task force person on the RTC business. And so saying that, you may get some idea as to the questions I want resolved before the staff and committee work is done on this issue.

I think it would probably also help in terms of giving a degree of comfort. Obviously what we are saying here is that we've got this public property and we are engaging someone to take care of this so we can do more of the private enterprise type of activity in the real estate market. So I am interested in the fees and we'll be looking for more specifics and asking for more specifics from you on that particular topic, gentlemen.

Mr. Rosenblatt, do you have any final comments?

Mr. ROSENBLATT. Just the way you have described it, I am not sure that we are talking about a similar entity, at least as the council has envisioned this. The Presidio Corporation, as it is called at the moment, is not envisioned to be an implementing agent for the Park Service. The built environment, the buildings, are to be

transferred not in fee title but transferred for real estate management.

Mr. VENTO. The agent of leasing activity.

Mr. ROSENBLATT. They would do more than the leasing of it. It is assumed that they would do the leasing, the property management, the financing, overseeing the construction or doing the construction. And, indeed, doing program fulfillment within the total parameters of the adopted Park Service plan.

So I think the issue for the Park Service is, does the corporation generate sufficient net income which is transferred to the Park Service to help defray the costs of operating the whole Presidio is really what they will be looking at, rather than their own internal operations about what real estate fees or other things they may be charging.

Mr. VENTO. Good clarification. That is important. I was looking at it in a more limited role in terms of my question. You're right.

Mr. ROSENBLATT. I think it is in that sense more akin to the PADC model.

Mr. VENTO. You have in the PADC a specific model in terms of the buildings. The dollar amounts may not be as great. The scope of what is being expected without parameters is pretty broad in this instance.

Mr. ROSENBLATT. There is a definition in draft form about which properties are to be described. And if one were to combine that with the projections that Mr. Keyser's studies have generated, it is fairly easy to see what the scope is and what the time table is and what is anticipated to be done and what the net result has to be. Because they have done it in their work, not only in terms of uses but also in terms of square footage and time lines.

Mr. VENTO. Let me leave it at that unless you have further questions.

Ms. PELOSI. No, Mr. Chairman.

Mr. VENTO. We thank you very much, Mr. Rosenblatt. We will ask further questions and clarification on some of these points.

Mr. Reilly and Mr. Keyser, thank you.

PANEL CONSISTING OF AMY MEYER, CO-CHAIR, PEOPLE FOR A GOLDEN GATE NATIONAL RECREATION AREA; LEWIS H. BUTLER, CO-CHAIR, COALITION FOR THE PRESIDIO PACIFIC CENTER; AND MICHAEL ALEXANDER, CHAIR, SIERRA CLUB PRESIDIO TASK FORCE

Mr. VENTO. And finally, on the last panel today, we have Ms. Amy Meyer, Co-Chair for People for a Golden Gate National Recreation Area, long-time activist and worker on policies that impact in this area; Lew Butler, Co-Chair, Coalition for the Presidio Pacific Center; and, Mr. Michael Alexander, Chair of the Sierra Club Presidio Task Force.

STATEMENT OF AMY MEYER

Ms. MEYER. Mr. Chairman, thank you, first of all, for your enduring interest in the Golden Gate Recreation Area and the Presidio. This is the third hearing you have conducted on the Presidio and I am very pleased to be here before you.

My organization, People for a Golden Gate National Recreation Area, has been in existence since 1971. We are a coalition of conservationists and civic minded people, and we are very much in support of H.R. 3286.

Now, there seems to have been some question as to what Phil Burton had in mind at the time of the original legislation. And the conservationists who are involved brought him a map and they showed him—well, he looked at it, you know, Phil did, and he held it up and he said this looks like a piece of Swiss cheese, because it had the outlines of the Presidio and it was full of holes where the built up areas were.

And he said, this is not the way to do it. What we need is to treat the Presidio as a whole and to recognize the integrity of the whole.

So the Presidio has been within the park since 1972, since the enactment of the original legislation. And its entirety went into the park and has been within the boundaries of the park since that time.

At the time the park was conceived, there had already been at least four attempts to close the Presidio, starting in the 1920s. And during the past 23 years, the integrity of the Presidio has been defended and fostered by Congress with the support of national organizations, local residents, and court action of which your two hearings previous to this one were part.

The Presidio is a part of our national patrimony. It is a keystone in the arc of the lands that surround San Francisco Bay. And it has the best of all of the qualities for which the GGNRA was established. And that is for the national scenic, historic and recreational values and the educational opportunities.

In 1971 to 1972, there were two House hearings on the Golden Gate National Recreation Area. These were held before Congressman Roy Taylor, the Subcommittee on National Parks and Recreation as it was called at that time. And of the approximately 200 people who wrote letters or made statements before the committee, the field hearings in San Francisco had an enormous number of witnesses. More than half of these speakers were worried about the Presidio because it appeared to us that at that stage the Presidio was in decline. Agencies like the Board of Education and the Food and Drug Administration were trying to come in and planning to build buildings. So it looked to them like cheap real estate.

The Presidio looked something like a carcass ready to be carved up because it was in such a state of decline.

For those of us who are involved with this project from the beginning, and for those who have followed along and come along since, we have all seen the dignity and the history of the Presidio, the land that the Army's actions indeed did keep intact until this day, and above all we want to see that integrity maintained. And it does not matter whether we are birdwatchers or bank presidents, because as reflected ever since 1971, 1972, everyone had a common concern that the character and integrity of the Presidio of San Francisco be preserved.

One might only point to the language of Congressman Mailliard, who at that time was my congressman, a Republican from the western part of San Francisco. And he spoke at the 1971 hearing. And he proposed the solution that was adopted, and it was a solu-

tion that was also concurred in by Congressman Burton and Senator Cranston. In fact, his statement sounds just like Mr. Burton's statement. Put in the whole Presidio and permit what we can, which turned out to be 145 acres, to the National Park Service. And we all liked that idea.

At the 1971 hearing, the Army announced the end of the housing program for the post. From now on, said Mary Alioto, reading a memo from the commanding general of the Sixth Army, there will be no more family housing built on the Presidio. And the curtailment by the Army of its construction program may be seen not only as evidence that the post was losing vitality and preeminence, but as evidence of the intensity of pressure at every level for the Presidio's protection.

We were thrilled by the statement that the building would stop. The Presidio was being protected and the loss of military importance was being recognized.

Congressmen in 16444, Public Law 928589 said, "When all or a substantial portion of the remainder of the Presidio is determined by the Department of Defense to be excess to its needs, such lands shall be transferred to the jurisdiction of the Secretary for purposes of this Act."

Congressmen all spoke in favor of that bill. And you know when the range of the political—what I should say adherence of the people who spoke, they had an enormous range from the most liberal to the most conservative. I remembered as I went through the hearing record, Congressman Gubser spoke at the final hearing as the bill was being passed in October 1972. Congressman Gubser praised Congressman Hebert, who was the chairman of the Armed Services Committee, for supporting it. Gubser was a very conservative Republican. All of these people gave the inclusion of the Presidio the strongest bipartisan support.

Now, Congress has acted twice since 1972 to preserve the integrity of the Presidio. In 1978, Congressman Burton saw that not only housing threatened the post, he included an amendment in his bill. This was in his big parks omnibus bill. We call it the "One Up One Down Amendment." That is that for every building that wished to be built by the Army on the Presidio, a building of equivalent size must come down.

This is, by the way, a tenet, a view of the Presidio, that the present administration and I as the vice-chair of the Advisory Commission for the park and my fellow commissioners all take the view that this is an appropriate way of continuing to work on the Presidio.

We did not have any construction between 1978 and 1983. And then the Reagan Administration did get a lot of military development money. And then a spate of military plans and building brought on what we like to call the Burger King lawsuit. What it really was, was a decision by the Army that the best use of Crissy Field was for a one-stop shopping center. And the first building actually was the Post Office.

Federal Judge William Schwarzer's response to the Sierra Club suit was that the construction flagrantly violated the law. He put on a permanent injunction. And you, Congressman, held an oversight hearing and came and viewed this and you and Congressman

Sala Burton were particularly concerned about the obtrusiveness of the Post Office on Crissy Field.

And, as a result, in the court settlement which followed, a half-completed Post Office had to be torn down. It was really quite an astonishing suit.

The Presidio was recognized as a national historic landmark in 1966. It now has 15 percent of all the historic buildings within the National Park System. All that was unclear in 1971 was when the Presidio would close as an Army post.

In reference to the many comments made by Congressman Hansen, I would like to point out that at the time of the original legislation, the state park system transferred almost all of its park lands at the Golden Gate to the national park in recognition of the national significance. And at this very moment is negotiating with the federal government, with the Park Service, to see about the transfer of the others.

The insurance the Congress provided for this major portion of our national heritage may be seen to have been very wise. The Presidio must be preserved as a whole to be used. H.R. 3286 helps to make this possible, the replacement of the post's former residents, jobs, and payroll dedicated most recently to the Cold War with programs to enhance the quality of life for Americans and the world.

Thank you.

[Prepared statement of Ms. Meyer follows:]



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October 26, 1993

TESTIMONY OF AMY MEYER, CO-CHAIR, PEOPLE FOR A GOLDEN GATE NATIONAL RECREATION AREA, ON BEHALF OF H.R. 3286, CONCERNING THE PRESIDIO OF SAN FRANCISCO, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS, HOUSE COMMITTEE ON NATURAL RESOURCES

Enactment of H.R. 3286 is the next logical step along the road Congress planned in 1972 when it established the Golden Gate National Recreation Area (GGNRA), in order to preserve the headlands of the Golden Gate for public use in perpetuity.

At the time the park was conceived, there had already been four attempts to close the Presidio, starting in the 1920s. During the past 23 years, the integrity of the Presidio has been defended and fostered by Congress, with the support of national organizations, local residents and court action.

The Presidio of San Francisco was included, in its entirety, within the boundaries of the GGNRA. This was a farsighted, broadly supported, bipartisan action, intended to preserve in the most effective way possible an important part of this nation's patrimony. The post was perceived as the keystone in the arc of the lands at the Golden Gate. Integrity of natural, historic, scenic and recreational values and provision of recreational and educational opportunities was mandated by the Congress in the preamble to the GGNRA enabling legislation. There is greater concentration of these values and opportunities at the Presidio than at any other place in the GGNRA.

In 1971-72, the House Subcommittee on National Parks and Recreation held two hearings on the bills that had been introduced to establish the GGNRA. That hearings record, and the text of the Congressional Record of October 11, 1972 when Congressman Phillip Burton's H.R. 16444 was voted into law, contain the most information about Congressional intent.

At the San Francisco field hearing of August 9, 1971 and the Washington, D.C. hearing of May 11 and 12, 1972, a majority of the over 200 speakers and letter writers were concerned in some way with the future of the Presidio. Some felt that the post could best be preserved by the Army. Others saw the post as an aging dinosaur. Deploring plans for construction, not only by the military but by the Food and Drug Administration and the San Francisco Board of Education on what those agencies perceived as available real estate, they favored transfer

Page 2

of jurisdiction to the Department of Interior. However, whether witnesses could be perceived as "liberal" or "conservative," whether bird watcher or bank president, they shared a common concern: that the character and integrity of the Presidio of San Francisco be preserved.

At the 1971 hearing, Congressman William S. Mailliard (R-San Francisco), author of one of the GGNRA bills, said:

"These various proposals by Senator Cranston, by Mr. Burton and myself all seek exactly the same objective. We do have some minor differences and they primarily involve the treatment of the Presidio.

"One proposal would carve up the Presidio and separate the jurisdiction over different portions of it between two departments. I felt that this would lead to conflict and sometimes if you have two managers things fall between and nothing happens. So I am proposing that the military remain in control of the Presidio with use permits to the Department of the Interior for those areas where recreation is suitable and compatible with the other responsibilities that are exercised in the area and to include the entire Presidio in the recreation area as against carving part of it out for the use of the military and putting the rest in Interior." Since 1972, that is what the GGNRA legislation provided for.

Non-military construction on the Presidio was beaten back by intensive citizen effort during 1971. However, regional and city planners noted that the acceleration in building Presidio housing units after World War II constituted the major threat to the post's open space. Curtailment of the Army's construction program was announced by Mayor Joseph Alioto at the 1971 hearing, when he read a letter from the Presidio's Commanding Officer:

"The Department of the Army has approved the recommendation of the Commanding General, Sixth U.S. Army, to delete all future family housing from the Master Plan for the Presidio of San Francisco. To indicate clearly the implications of this decision, I am enclosing the General Site Plan, 1 September 1970, which was previously submitted to the Department of the Army for approval of the removal of all future family housing from the plan. This is now a fact and, as the site plan shows, no additional housing is planned for the Presidio now or in the future."

Curtailment by the Army of its construction program may be seen not only as evidence that the post was losing vitality and preeminence, but as evidence of the intensity of the pressure, at every level, for the Presidio's protection.

Congress mandated protection of the Presidio in the enabling legislation that established the GGNRA. Section 2 (f) of H.R. 16444 (P.L. 92-589) reads:

"When all or any substantial portion of the remainder of the Presidio is determined by the Department of Defense to be excess to its needs, such lands shall be transferred to the jurisdiction of the Secretary for purposes of this Act."

During the House floor debate on H.R. 16444, Congressman Wayne Aspinall declared:

Page 3

"We do not anticipate that these lands will be available this year, or next, or perhaps in a decade, but as facilities become obsolete and as military needs diminish we want these prime waterfront and open areas to be available for the use and enjoyment of all of the American people."

Congressman John Saylor spoke of:

"...the efforts of Bill Mailliard that succeeded in getting President Nixon to personally endorse this concept and legislation."

Congressmen Taylor, Skubitz, Hebert, Kastenmeier, "Bizz" Johnson and Clausen each spoke in support of the legislation. Congressman Charles Gubser spoke of the bill's bipartisan support and declared:

"I would like to say that the chairman of our Committee on Armed Services, Hon. Edward Hebert, has clearly shown his interest in what is best for mankind by the cooperative attitude that he has displayed. The result is this magnificent piece of legislation that is before you tonight. It is the compromise which all persons concerned including sponsors of the original bill reported by the Interior Committee and favored by conservation groups expected and intended. This bill is not a substitute for a better bill; it is what was intended and expected."

Congress has acted twice since 1972 to preserve the integrity of the Presidio since the enactment of the original legislation. In 1978, an amendment was added to the original bill, directed towards the prevention of a military building program that could degrade the post's scenic, natural and recreational values. Section 2(i) states:

"New construction and development within the boundaries described in section 460bb-1(a) of this title on lands under the administrative jurisdiction of a department other than that of the Secretary [of Interior] is prohibited, except that improvements on lands which have not been transferred to his administrative jurisdiction may be reconstructed or demolished. Any such structure which is demolished may be replaced with an improvement of similar size, following consultation with the Secretary or his designated representative, who shall conduct a public hearing at a location in the general vicinity of the area, notice of which shall be given at least one week prior to the date thereof. The foregoing limitation on construction and development shall not apply to expansion of those facilities known as Letterman General Hospital or the Western Medical Institute of Research."

However, building hearings actually did not occur between 1978 and 1983; there was little military construction money. Then funds once more became available and the integrity of the Presidio was defended once again, by local residents, national organizations and the Congress. In 1986, after repeated warnings that the first stages of a \$100 million building program that included turning the former Crissy Army Air Field into a commercial/warehouse zone and a one-stop shopping center (including a commissary, post office, PX expansion and Burger King) were in violation of the GGNRA legislation, the Sierra Club sued the Secretary of the Army.

After touring the disputed building sites, Federal Judge William Schwarzer found the program to be in blatant violation of the GGNRA legislation; he eventually issued a

Page 4

permanent injunction against continuation of construction. Congressman Bruce Vento held an oversight hearing in San Francisco in March, 1986. He and Congresswoman Sala Burton were especially concerned about the obtrusiveness of the post office on Crissy Field, preservation of that open space was one of the principal goals of the GGNRA enabling legislation. In order to protect the Presidio's future, under the terms of the court settlement which followed, the half-completed post office had to be torn down.

The incredible historical resources of the Presidio were comprehended as early as 1966 when the entire post was declared a National Historic Landmark. However, this past year, when over 510 of the post's 850 buildings were declared historic, the National Park Service realized that 15% of all the historic buildings in the National Park System are in the Golden Gate National Recreation Area and that the Service's largest concentration of historic buildings is that of the Presidio of San Francisco. It now seems that all that was unclear in 1971 was the date on which closure of the Presidio would occur. For the hearing record, letter writer Jack Nevraumont stated:

"At this point in time the Presidio of San Francisco seems to be in all reality a collection of antique fortifications, an antique airfield, and many antique housing complexes."

Since 1972, it has been the intention of the American people and the Congress to save the Presidio of San Francisco. Including the entire Presidio within the boundary of the Golden Gate National Recreation Area was insurance against what, in 1972, the most perceptive saw as inevitable. The Presidio is the only one of the 86 posts ordered to be closed in 1988 to have that insurance. Now it is necessary to enact H.R. 3286 in order to continue the Presidio's protection. The only way to preserve such an important part of our history is to save it to be used. The program plan for the conversion of this military post to national park is designed to enable the Presidio to pay much of its own way, and to replace the post's former residents, jobs and payroll that were dedicated to the Cold War with programs for the peacetime benefit of the American people and the world.

The Presidio's successful conversion to peacetime uses will be fully successful only if the integrity of its boundary is preserved, if the National Park Service is granted the necessary authorities to lease properties in accordance with the management plan and if the park can retain the revenues it earns through its leasing program. We warmly support H.R.3286.

Mr. VENTO. Thank you, Ms. Meyer.
Mr. Butler.

STATEMENT OF LEWIS H. BUTLER

Mr. BUTLER. Thank you very much, Mr. Chairman.

In the interest of time, I think I will summarize my testimony and make a few comments relating to questions that were asked today.

First, when you look at the Presidio plan, and I should say that I am the co-chair of a non-profit organization called the Coalition for the Presidio Pacific Center. The other co-chair is Mr. Donald Fisher, the founder and chief executive of The Gap stores. And I will talk a little bit more about that group later.

But, to put it very simply, we want to be an anchor tenant in the Presidio. When you see in the draft plan where it says "global environmental entity," "global center," "multicultural exchange," that is what we want to do. And we want to start with at least 200,000 square feet in the main post of the Presidio and ideally build that out to up to a million square feet. And I will say a little bit about how we would like to do that.

In response to some of the questions this morning, we want to take responsibility for the renovation with a sublease under either the Park Service under this legislation or eventually of a new Presidio corporation. We are prepared to pay the utility bills that you talked about. We want to rent it out and think we can for sufficient rentals to produce a major source of revenue for the Park Service to help pay for all of the expenses, including police and fire protection. So we are deadly serious about this.

This whole effort comes about and really relates to what Bill Reilly said earlier. As the chief delegate he was to the United States conference, it comes about because of the Rio conference on the environment in development. It seemed to all of us that the extraordinary sort of sentiment that came out of that conference needed to be institutionalized someplace in the world, particularly for the nations of the Pacific region as they get more and more important in the world economy. And the Presidio was uniquely appropriate to that.

In fact, we would not be involved in this effort if the Presidio were not there. There is an appeal to that site that makes this possible whereas, otherwise, it would be just a dream for a lot of people. So that is the origin of this whole thing.

Congresswoman Pelosi and others have talked about the charitable dollars in San Francisco. A lot of the efforts that were described were led and participated in by members of our coalition. Besides Mr. Fisher, that includes Peter Haas, who is the Chairman of the Executive Committee and former President of Levi Strauss. And it includes Nan McEvoy, Chair of the San Francisco Chronicle, principal stockholder. It includes Mel Lane, former publisher and owner of Sunset Magazine and Lane Publishing. Bill Roth, former chairman of the German Marshal fund. Sam Kishimoto, the Bank of California in San Francisco. And Warren Hellman, former chair of Solomon Brothers on Wall Street, now runs his own investment banking firm.

These are people that have been very active in the community and very active in the United States. And they are totally committed to this effort.

Now, there are three kinds of things we want to do there, and I would like to talk about them in relation to their ability to produce revenue. The first is public education in the main post and exhibits. That is the activity that will probably have to be subsidized by other kinds of things that we are doing.

We already have lined up from various non-governmental organizations as well as some governmental entities major exhibits that could be brought on global warming and other subjects to the Presidio. And you have an opportunity to educate 20 million citizens as well as foreign visitors on these issues which are going to dominate discussion in this country, I think, for the next 20 or 30 or 40 years.

But you are not going to make much money on that. We do think that we can not only subsidize those, but probably get added revenues from sales of publications, translated into languages that can be distributed all over the world, and films. There is a reason textbook publishers are in business—they make money. And we think that can be done and that money can go from us as a non-profit organization into helping support the Presidio.

The second subject is training. And here the conference center that has been mentioned is very important. Our surveys indicate that there is a major market for training people in environmental protection and so on. And Bill Reilly referred to some of that. It includes the kind of energy efficiencies that you see coming out of organizations like PG&E. It includes major installation by PG&E in the Presidio because it makes more money as people are more energy efficient.

It includes international training. We have already lined up one organization that has a training contract for Mexican environmental officials and for Russian officials. And when you think about the environmental degradation in the world, you can imagine how enormous the opportunities are for that training. And that will not only pay its own way, it will yield revenue that can eventually go to the Park Service.

The third element is international forums and meetings and research institutes and things of that kind on the environment. And here we have expressions of interest from Malaysia, Thailand, Sri Lanka, Korea, and through Bill Reilly we hope to be developing a lot more letters of intent to participate in the Presidio.

I think the most interesting one has been developing relationship with Japan. President Clinton, when he went to the economic summit, G-7 summit in Tokyo, in what I now understand is called tete-a-tete, which is formal thing in which two countries get together, they had a lengthy conversation with Prime Minister Miazawa of Japan, which was then followed up by a visit to us by the Japanese foreign ministry and to the Park Service in which the responsible official in the foreign ministry said, you need to understand that this was a very dramatic moment in U.S.-Japan relations. And what we did not understand or never knew was that the U.S.-Japan peace treaty was signed in the Presidio, as was the Mutual Security Pact in the 1950s.

So the Presidio turns out to be an enormously important place for Japan as well as this issue. And we are now building on that.

We met with Ambassador Mondale and Mr. Fisher will be meeting with him in November to develop this further. But we will be having the first of the U.S.-Japan discussions and an energy forum in Tokyo on the 17th and 18th of February and then a major forum to follow that in the Presidio we hope as soon as the Army leaves.

So the third aspect, the international forums, we believe is an enormous possibility. The housing is a tremendous asset for these purposes, particularly with the international forums, because I think you have seen the Presidio. You can imagine what a wonderful international community that can be.

We would expect to have people living there all the way up from a week to a year or two representing the nations of the world in whatever particular activity they are interested in. So it is another example of how uniquely appropriate the Presidio is. In fact, indispensable to the kind of thing that we are talking about.

The guts of the issue, of course, is a business plan. Can you really make this pay? The kinds of discussions you have been having, we spent three years on that. And we now have Anderson Consulting, which is the largest consulting firm in the world at this point, examining our assumptions to see how much rent we would have to collect and how much we could pay over to the Park Service. But we think it is a very significant number.

Finally, I would just like to make a comment here that came up when Mr. Fisher called me last night or yesterday when I was leaving to come back here and he wished he could have been here. This is a man who opened a store 20 years ago, one store, to sell jeans out in the neighborhoods in San Francisco and now has the second largest clothing company in the world, second only to Mr. Peter Haas's Levi Strauss.

Don Fisher said to me, he said, please tell the Congress, he said, you know, people talk about the fact that this was once intended to be the site of the United Nations. And he said, we are talking about something here that could be just as significant as the United Nations to the United States, and in fact probably more appropriate to the coming century. Because so much of the relations are going to have to be businesspeople to businesspeople, nongovernmental organizations to nongovernmental organizations.

So in a way he has made a believer out of me because, if he can start out with one store and end up with 1,400, we can start with one building and end up with something equally big.

Thank you.

[Prepared statement of Mr. Butler follows:]

COALITION FOR THE PRESIDIO PACIFIC CENTER

TESTIMONY OF LEWIS H. BUTLER

Co-Chair, Coalition for the Presidio Pacific Center
Former Asst. Secretary of Health Education and Welfare

Mr. Chairman and Members of the Committee

I would like to thank you for your invitation to testify this morning.

Donald G. Fisher, Founder and Chief Executive Officer of The Gap, and I are the Co-Chairs of the Coalition for the Presidio Pacific Center.

This is a group of leading citizens from the San Francisco Bay Area and around the country who are organizing what we hope will be the centerpiece institution for the Presidio, located in the Main Post. It is designed to be the great center in the United States on the environment and development, building on the work begun last year at the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro. We are in the process of attracting to the Presidio Pacific Center the participation and investment of nations from around the world, beginning with those of the Pacific Rim, in an international consortium which will be a major source of revenue to support the Presidio as part of the National Park System.

Our ability to create this Center depends entirely on the passage of the legislation you are considering today. Its enactment would make it possible for us to become an anchor tenant of the Park Service in the Presidio. We are proposing to lease initially 200,000 square feet of space in the historic buildings in the Main Post, with expansion in the future to up to a million square feet. That space would be devoted largely to non-governmental and business organizations who are institutional partners in the Center, but we expect it would eventually also include governmental agencies, such as a Pacific regional office of the recently formed United Nations Commission on Sustainable Development.

Before describing the Center in more detail I would like to comment on the commitment of the citizens of the Bay Area and its

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philanthropic community to the Presidio. As you are probably aware, the Yerba Buena Center in San Francisco has just been dedicated and is being called the major urban development in the nation for the 1990s, with buildings designed by three of the leading architects in the world. It includes a new Museum of Modern Art building, the result of an 85 million dollar fund raising effort by local philanthropists. Public spirited citizens also made possible the recent multimillion dollar renovation of the Davies Symphony Hall and the new San Francisco Main Public Library, currently under construction, and many of them are now involved in our Coalition for the Presidio Pacific Center. We are all totally committed to the success of the Presidio as part of the National Park System, and not just because of its importance for the Bay Area and California. We see it as the symbol for and center of this nation's reaching out to Asian and other Pacific nations and preparing for a new century in which those nations will be a dominant force in world affairs.

The Presidio Pacific Center is designed to have three major kinds of activities, all consistent with the Park Service's mission and plan. The first is public education, which will consist of exhibits, films and publications. These will be available to the millions of annual visitors to the Presidio and, through distribution and translation, to many more people around the world. Examples are exhibits on energy efficiency, which will also be a central characteristic of all building renovation, transportation, and pollution prevention and cleanup. We already have expressions of interest from several dozen U.S. and international organizations. We are in the process of obtaining from these organizations formal letters of intent to participate in the Center.

The second major activity will be training, ranging from the most basic level for school children to the most advanced professional seminars for business executives, governmental officials and environmental professionals. There is a growing demand for professional training, particularly from nations which are just now beginning to address major pollution and energy problems. We already have commitments to participate in the Center from U.S. organizations doing that kind of training. We also expect soon to have

similar commitments from organizations which are engaged in environmental education for teenagers, including inner city youth. The Park Service plan to establish a convention and conference center at Fort Winfield Scott in the Presidio is critical to the success of this aspect of the Center's work. We would propose to use that site for much of the training.

The third major activity is research and policy development, of which international forums on critical development and environmental issues will be a major part. At the economic summit in Tokyo this past summer, President Clinton proposed to the Prime Minister of Japan that the Presidio Center be a site for major initiatives between the two nations on matters of common interest. The Foreign Ministry of Japan has recently sent representatives to tour the Presidio and to discuss with us implementation of President Clinton's proposal. As a first step in collaboration between the two countries, our Coalition has convened a U.S.-Japan planning group for a series of energy forums, the first of which is scheduled for Tokyo in February, to be followed by a major forum in the Presidio in late 1994 or early 1995. Participants in these meetings will include representatives of energy utility companies, universities and non-profit scientific organizations, governmental agencies and international groups. Similar forums are being discussed with non-governmental organizations and officials in a number of other countries, many of whom have already visited the Presidio and are excited by its prospects as a site for international collaboration.

The availability of residential space in the Presidio, particularly adjacent to the Main Post, is a major asset and critical ingredient for the success of all these three activities. It makes it possible to attract participation by those who would otherwise not be financially able to be involved, such as representatives of third world nations and community groups from around the United States. The housing is also a major attraction for senior policy makers, scientists and others, both within the U.S. and from other nations, who will be able to bring their families to the Presidio and participate in creating a working multicultural community there. Our analysis indicates that rents from this housing can also be a major source of income for the Center,

and hence revenue for the Park Service.

A business plan analyzing the revenue potential of all these Center activities is currently under preparation, with the assistance of a major U.S. consulting firm. We expect to have the first draft of that business plan by December. With that plan, we will be able to make a proposal to the Park Service for a master lease of space in the Main Post, under which the Center will assume responsibility for renovation of the buildings, as well as for payment of significant rents to help carry the costs of the Park Service's Presidio operations, including police and fire protection.

This is a brief summary of the plan for the Presidio Pacific Center. If you have questions regarding any aspects of it, I would be pleased to respond to them. In conclusion, I would like to make one general observation about the Presidio. A few years ago an internationally recognized historian and urban authority said to me that it is the greatest piece of urban land in the world now available for a new public use. This legislation is critical if the Presidio is to fulfill that potential. An opportunity to do something truly great for our nation comes along rarely, and in this case only once in two hundred years. It would be a terrible shame if we did not seize it.

Thank you.

Mr. VENTO. Thank you.

I'm sorry; we have a vote and we will just recess and be back briefly to hear Mr. Alexander and then place a few questions to you.

Very interesting testimony, Mr. Butler, about the global environmental center.

We will stand in recess.

Ms. PELOSI. Before we go, because some of our visitors may not be able to come back, I did want to recognize Ms. Meyer. Amy started while I was saying goodbye to some of our previous witnesses.

I do want to say how pleased I am that our three witnesses on this panel are here today. Amy Meyer, as you know, was present at the birth of the GGNRA and helped to support it as it grew in our community. And she helped Phillip Burton on the Presidio.

And Mr. Butler, as I mentioned in my remarks, served in the Nixon administration and brings great heft to what we are talking about here in terms of prospects for private individuals to rent, Mr. Fisher being one of them, who will be in town on Thursday and available to committee members to talk about his support for the idea that Mr. Butler is proposing.

And, Mr. Alexander, you are familiar with as a representative of the Sierra Club. He has worked very hard on this issue and enables us to say, without any question, that a usually contentious community in San Francisco has united around this issue.

It is a family affair as well. Mr. Rosenblatt is here with his wife, Sally. And Mr. Swift from our community with his wife, Joan.

And so many of the others who have supported this effort to give testimony to the fact that we mean what we say when we say that we are serious about making this the most excellent national park.

So in case some have to leave, I wanted the record to show how enthusiastic I am about their support.

Mr. VENTO. I understand and I appreciate their presence today in bringing arrangements for the change of the date which never is easy, but hopefully did not cause too much distress.

We will be in recess and return to hear Mr. Alexander and ask a few questions of these panelists.

[A brief recess was taken.]

Mr. VENTO. Let's get started again.

The committee will resume its sitting.

There is another vote that's going to be coming up and other matters are pressing and we obviously wanted to be able to ask a few questions of the panel assembled.

And so if Mr. Alexander, Michael, if you would complete your testimony—you have not begun yet—it has been made part of the record, and we will be able to get back to a question or two.

STATEMENT OF MICHAEL ALEXANDER

Mr. ALEXANDER. Mr. Chairman, in an effort to speed things up, since I am playing cleanup on this team, I will submit my written comments for the record and just try to make a few key points here.

First, I thank you very much for the opportunity to testify today. And I want to thank you in particular, Mr. Chairman, for your

opening statement because I believe that it captured the tone and framed the issue better than anything that I have yet heard.

I also wanted to, in particular, thank Congresswoman Pelosi and her extraordinary staff, including Ms. Lemons, and Senators Boxer and Feinstein for their strong support of this effort.

The Sierra Club would like to address three key questions here. We have been speaking today of the Presidio, but America knows it by a different name, and that is captured I think best by these photographs. This is the Golden Gate. That is what the Presidio is known as. And when people from across America and across the world come to the Presidio, they are looking at the Golden Gate, and that is what they identify with.

The Presidio is half of the Golden Gate and obviously it is one of the most internationally recognized, revered, and visited places on Earth.

Since 1776, the Presidio has been a unity historically, culturally, environmentally, geologically, and visually. It has also tied together by a single infrastructure a water supply, treatment, and distribution lines, sewers, storm drains, electrical systems, and roads, all of those things that are out of sight and out of mind. But they unite the place in a way that is not easily separated if you start cutting it up.

Finally, the Presidio is, in its entirety, as you have heard, a national historic landmark. Selling a place of such public value for private commercial gain would destroy a national historic landmark and a crown jewel national park unit. Who would like to be responsible for such a policy decision?

What kind of a park will the Presidio be? This is a place for the nation, an urban national park at the Golden Gate. "National" is a measurement of quality and I think you have heard more than I wish to repeat that testimony today that establishes how clearly the Golden Gate and the Presidio unit of the Golden Gate is a place of national quality.

But the Presidio will be national also because the people of San Francisco and of the Bay Area have been generous in sharing not only their region's wealth and beauty with the people of the nation who, after all, are going to have to pay part of the bills and indeed the people of the world over, but San Franciscans have also shared their wealth, raising nearly \$2 million in private and foundation funds for Presidio planning even before the Park Service was in command.

Most importantly, San Franciscans have not been parochial. And I have to say that was an early personal fear of mine, that San Franciscans would look at the Presidio as another Golden Gate Park, a city park, and let's start carving it up. That never happened.

Since the first public hearings four years ago, the public has consistently demanded one thing of the National Park Service. Whatever uses you put the Presidio to, they are going to have to be equal to the national and international importance and quality of the place.

How can we make the Presidio project successful and sustainable? And here I am going to echo, and I want to reinforce, some of the things that you have already heard.

First, use the buildings. There is a dollar savings to boarding up the buildings, but who wants to go to a national park with 500 boarded-up buildings? More importantly, there is an opportunity cost to not using the buildings. Use them and you have the opportunity to recover the 5,000 jobs that are being lost by the Army's departure from the Presidio. Don't use them, no opportunity to recover those jobs.

Second, creative financial and managerial structure which allows the Presidio to succeed if it is responsibly and well run. In that respect, H.R. 3286, we think, is a good first step. It permits prompt leasing of buildings and retention of revenues within the park. And it creates the right short-term financial structure. But only short term. It's interim and partial. Because if good property is location, location, location, good property management is timing, timing, timing. And the timing is now to start getting tenants in and start getting a revenue stream which begins to reduce the cost to the American taxpayer of this park.

As soon as possible, we need additional legislation, which, if I understand, Ms. Pelosi is introducing I believe today to ensure successful long-term management and sustainable financial feasibility. That legislation allows the National Park Service to do what it can do well, be the landlord, set broad policies up, protect the resource, manage the open space, provide public safety services, and welcome and inform the Presidio's millions of visitors.

But the National Park Service lacks experience, and they have acknowledged this, in managing buildings and in attracting and managing tenants and programs at the Presidio scale. And I wish that your colleague were here, Mr. Hansen were here as well, because I would want to say to him that the Parks Department of the seat of California has no greater experience than the National Park Service at managing a built environment at this scale.

However, the private sector does have that experience and the Sierra Club firmly endorses the conclusions of the distinguished management and economic consultants, McKinsey and Company, Keyser Marston, the Presidio Council, that the right management is congressionally chartered not for private profit. That such an organization of exceptionally qualified professionals can act efficiently and speedily to meet public goals and tenant needs.

Mr. Hansen referred to a letter from Diana Dean which she sent to the Chronicle questioning why the Presidio would not deteriorate as have Park Service-managed properties at Fort Berry and the Marin Headlands. I, too, thought that that was a fair question. And, Mr. Chairman, I responded to that letter with a letter of my own to the San Francisco Chronicle which I would like to submit for the record.

And basically, to summarize what it says—

Mr. VENTO. Without objection, it will be provided for the record.

Mr. ALEXANDER. What it says is the Park Service should do what it does well, the Presidio Foundation should do what it can do well, which is to manage the buildings, the tenants, and the programs. That is how you get an efficient operation.

There is another need for a building manager. The culture of the Park Service historically has been directed at preservation of the past, and that is appropriate. But we need to build on those his-

toric foundations at the Presidio. We need to add upon those historic foundations tenants, programs, and activities which are oriented to the future that will maximize the Presidio's value and minimize its cost to the American public. A future directed manager with authority to lease and obtain revenues can do that best. And I think Director Kennedy was echoing that theme of future direction in his enthusiastic talk.

Given a workable financial and managerial structure, and that is what H.R. 3286 begins to establish, it is then fair to set a reasonable cap on public costs. The Presidio should be held financially accountable to congressional overseers. Taxpayers should perceive and receive good value for their investment.

The Sierra Club is convinced that it is this balance of public landlord and private manager that is the right way to make this unique, complex, and magnificent American treasure a successful and sustainable national park at the Golden Gate.

Thank you, Mr. Chairman, and I would be happy to respond to questions.

[Prepared statement of Mr. Alexander follows:]

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TESTIMONY OF MICHAEL ALEXANDER

CHAIR, SIERRA CLUB PRESIDIO TASK FORCE
ON BEHALF OF H.R. 3286, CONCERNING THE PRESIDIO OF SAN FRANCISCO
HOUSE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
COMMITTEE ON NATURAL RESOURCES

October 26, 1993

Since 1971, the Sierra Club has supported inclusion of the entire Presidio in the National Park System. Four years ago, the Club created its Presidio Task Force to monitor and assist the transformation of the Presidio from Army post to national park.

The Sierra Club would like to address three key questions about the Presidio.

Why should the entire Presidio remain part of the national park system?

The Presidio fits within the mission of the National Park Service to protect unique and exceptional places for the enjoyment of ours and future generations.

The Presidio is the centerpiece of the far-sighted enabling legislation which envisioned a national park at the Golden Gate.

Since 1776, the Presidio has been a unity-- historically, culturally, environmentally, geologically and visually. It is also tied together by a single infrastructure of water supplies, treatment and distribution lines, sewers, storm drains, electrical system and roads.

The Presidio is half of the Golden Gate, one of the most internationally recognizable and revered places on earth.

Of the 270 United Nations Biosphere Reserves throughout the world, the Presidio is the centerpiece of the only Reserve which is located in an urban area. That is a measure of the worldwide esteem for the biological resources in and near the Presidio.

The Presidio is the home of more than two dozen rare, endangered or threatened plant and animal species, including the Raven's Manzanita, one of the rarest plants on earth. Cuttings from the only remaining specimen now are being propagated, but let's face it: the gene pool is real small.

The Presidio, in its entirety, is a National Historic Landmark.

The Presidio contains what the National Park Service calls the finest and most extensive collection of military architecture in the nation.

The Presidio was the northern frontier of Spanish colonization of the New World, and will be the end of the 1,200 mile Juan Bautista De Anza National Historic Trail. Like the Lewis & Clark Trail, the Oregon Trail and the Overmountain Victory Trail (a Revolutionary War route through Tennessee, Virginia and South Carolina), the De Anza Trail is a pathway of exploration which unites Americans of diverse origins around their common history.

The Presidio is part of the gateway to immigration for millions who came to America from the Pacific basin. My father arrived in America at Ellis Island. The Presidio will help Americans remember that there was more than one Ellis Island.

The Presidio is the site of the worst and best experiences of Japanese Americans: the place where the order was signed sending them to World War II internment camps, and the place where Americans of Japanese descent came to be trained as translators and interrogators to be deployed with troop units throughout the Pacific. Major Gen. Charles Willoughby, G-2 Intelligence Chief of Gen. MacArthur's command, later credited the work of thousands of these patriots with shortening the war with Japan by two years.

Selling a place of such public value for private commercial gain would destroy a National Historic Landmark, and the coherency of a crown jewel national park unit. Who would like to be responsible for such policy precedents?

What kind of park will the Presidio be?

A century ago America first created the idea and reality of national parks. Today, with public enthusiasm for the place and the concept, the Presidio is poised to become the first national park for a new century.

It will be an urban... national... park.

What does that mean?

When we think of park, the first image is of open space. The Presidio will provide significantly enhanced open space in a setting of what must be fairly described as scenic grandeur equal to America's best.

National is a measurement of quality. Certainly the Golden Gate ranks with The Mall here in Washington, the Statue of Liberty, Ellis Island and Yosemite as one of America's most visible, and visited, national symbols. The Presidio is the southern half of the Golden Gate. It has been a dynamic force in the development of the west and it is time to remember that role, not to forget it by selling off part of our national heritage.

The Presidio will be national, also, because the people of San Francisco and the Bay Area have been generous in sharing our region's wealth of beauty with the people of the nation-- who, after all, will pay part of the bills-- and, indeed, with people the world over. San Franciscans have also shared their wealth, raising over \$1.5 million in private and foundation funds for Presidio planning, even before the Park Service is in command. Most importantly, San Franciscans have not been parochial. Since the first public hearings four years ago, the public has consistently demanded of the National Park Service: whatever uses you make of the Presidio, they must be equal to the national and international importance and quality of the place.

Finally, the Presidio will be urban. Not just because it is surrounded by a metropolis of six million people. By law, the Presidio's extensive groupings of historic buildings must be preserved; in practice

they can only be preserved by filling them with new uses. The combination of magnificent open spaces and hundreds of historic buildings makes the Presidio unique-- and a managerial and financial challenge. That raises the third question.

How can we make the Presidio project successful and sustainable?

First, create financial and managerial structures which allow the Presidio to succeed if it is responsibly and well run.

H.R. 3286 is a good first step. By permitting leasing of buildings and retention of revenues within the park, it creates the right short term financial structure. But it is only an interim and partial solution.

As soon as possible, additional legislation is needed to insure successful long term management and sustainable financial feasibility.

That legislation should let the National Park Service do what it can do well: be the landlord, set broad policies that protect the resource, manage the open space, provide public safety services, and welcome and inform the Presidio's visiting millions.

But the National Park Service lacks experience managing buildings, and attracting and managing tenants and programs *at the Presidio's scale*. The Sierra Club firmly endorses the conclusions of distinguished management and economic consultants-- McKinsey & Company, Keyser Marston, the Presidio Council-- that the right management model is a Congressionally chartered, not-for-profit, public benefit Presidio corporation or foundation. Such an organization of exceptionally qualified professionals can act efficiently and speedily to meet public goals *and* tenant needs.

Highly successful management models already exist. The Fort Mason Foundation is smaller but has the same goals. It manages hundreds of tenants and activities at another part of the Golden Gate National Recreation Area, at minimal public cost. The Pennsylvania Avenue Development Corporation is the right size but has different goals. PADC also can finance capital improvements through debt, an ability needed by any large business. A Presidio management organization will take the best characteristics of these models.

There is another need for a Presidio building manager. The culture of the National Park Service is directed at preservation of the past. That is appropriate. Building upon those historic foundations, the Presidio needs to add tenants, programs and activities *which are oriented to the future*. That will maximize the Presidio's value and minimize its costs to the American public. A future-directed manager, with authority to lease and retain revenues, can do that best.

Given a workable financial and managerial structure, it is fair to set a reasonable cap on public costs. The Presidio should be held fiscally accountable to Congressional overseers. Taxpayers should perceive and receive good value for their investment.

The Sierra Club is convinced that this balance of public landlord and private manager is the right way to make this unique, complex and magnificent American treasure a successful and sustainable national park at the Golden Gate.

Mr. VENTO. Thank you, Mr. Alexander, for your comments and for providing your input into this process. Obviously, I could not help but think as the discussion was going on about the inability of the Park Service to meet its obligations, whether or not we will ever translate reordering our priorities in dollars. That is to say, as we reduce military spending that we take some dollars and actually be able to put it into some of the endeavors that are ongoing and necessary in areas like this.

Mr. ALEXANDER. Yes. And in particular to translate that, to use that to build value and to add value to reuse of the buildings.

Mr. VENTO. I guess the real question to this panel is can this work. You've got people here, representatives of conservation, environmental organizations, others working on the Pacific Center, the global endeavor.

Amy, you have worked on this for a long time. [Laughter.]

Another ageless policy participant along with Judy Lemons from Congresswoman Pelosi's staff today.

Can this work? We hear a lot of discussion about partnerships, about the city coming together, and in the absence of it, what could we do? What are the other alternatives? You have some here.

What we're really talking about is whether or not the public corporation that is instituted and given the particular task can have revenue flow. We know the Park Service should be able to do some of the services here, in terms of police, in terms of the open space, the interpretative programs. We know that they can execute that.

But will the not-for-profit public corporation deliver? Will they do it in a way that meets the scrutiny of Amy Meyer or Michael Alexander or the needs and the goals or objectives of the Pacific Center and I regret Mr. Fisher could not be with us today to discuss this issue but I am sure he will touch base with some key folks on Thursday when he is in town.

Do you think it can meet that need?

Ms. MEYER. Most certainly. I think the history in San Francisco is very strongly for this park. There is a fine history of philanthropy. Others have listed the museums, the institutions. I happen to serve on the board of the San Francisco Zoo. We are in the middle of a major campaign. And the sense of generosity in the community is very great.

I would also look at the volunteers who spend time. It is a certain attitude. We have a great pride in our area and our volunteers turn out on weekends for everything from habitat restoration within the park to get rid of things like Scotch broom and pampas grass to the leading of tours on the Presidio at the time when the Park Service had not started its program that is more official of leading tours now. I mean, Michael in fact organized that program. So when I look at the volunteer system, it is very high.

And then, finally, if you want to look at it, yes, we have national visitors, we have international visitors, and then you add the local visitors. And we have got 20 million visitors a year. And this park is a great source of pleasure and pride and people willing to put out the effort and the money to keep it there.

I want to take a moment and thank Congresswoman Pelosi for all of the effort she has put into this, and to thank Judy Lemons. Nancy, you are truly a wonderful inheritor of both what Phil Bur-

ton started and what Sala Burton continued. And we are glad you are there.

Ms. PELOSI. If I may, Mr. Chairman?

Mr. VENTO. Yes.

Ms. PELOSI. Thank you very much, Amy. And, of course, I am very touched and grateful for your comments. In fact, I almost brought a little statue of Phil today to the hearing. [Laughter.]

Mr. VENTO. You should bring a big one.

Ms. PELOSI. I thought that might be too much.

And instead I brought this cup from the Presidio for our Chairman for all of his interest and knowledge and concern for the future of the Presidio.

Mr. VENTO. Thank you. I think Phil is here in spirit.

Let me yield if you have any questions of the panelists. I have an interstate banking matter I've got to straighten out.

Ms. PELOSI. Mr. Chairman, you have been very generous with your time. I do have a few questions, but instead of asking, I will just invite our panelists, as I did the previous panel, to add anything else that they want to put on the record about what they have brought to this hearing today. And, of course, to also thank them for their fine testimony.

Mr. BUTLER. In response to the Chairman's last question—

Mr. VENTO. On interstate banking?

Mr. BUTLER. Not only is the spirit that Amy talks about, but there is a real market out there for this place. PG&E put \$25 million into a downtown exhibit of its own money to train architects and contractors in energy efficiency, and I cannot speak for them, but they have got a real incentive to do things of that kind for the consumers because literally they make more money the less energy is used.

So no matter where you go, we don't have to rely on kindness, although we need some of that, and generosity. There is a real market there.

And finally, I would just like to say, Mr. Chairman, that I have spent a certain amount of my life in hearings like this and having listened to you this morning I think we are very fortunate to have you sitting there as the chair. And to thank Congresswoman Pelosi, who has provided all of the leadership for this.

Mr. VENTO. I think you have an exciting proposal and a very challenging one, especially in the environment that we are working with, with a budget and the Park Service role in trying to redefine it. I think it is very difficult.

But I think Congressman Hansen raised a lot of questions and with your help we can respond to some of those, some benchmark issues. We may not solve all of the problems that exist with the National Park Service, but I think if we get this on track we will be well served by that sort of skepticism that naturally does follow a dramatic proposal of this nature.

We will ask the GAO for some refinement of those questions. And I think with its concurrence, it would be most helpful.

I thank the gentlewoman for her patience. And Ms. Meyer pointed out the extensive work that you have done along with your colleague in the Senate now, Congresswoman Boxer. And I am appreciative of that because it makes our task here with Chairman Mil-

ler leading the charge in the House much, much easier. Otherwise it would be a difficult task in any case.

Ms. PELOSI. Mr. Chairman, I want to add my thanks to you for your attention to this, not only in this long hearing today but in the long term. I would say that Senator Boxer and Senator Feinstein, as well, strongly support our efforts. We work very closely with them in our Presidio working group. And it is not appropriate for them, necessarily, to be here at this stage of the game, but suffice it to say that they are fully behind what we are proposing here today and, in fact, have introduced the same legislation in the United States Senate.

So I want to thank you, the Majority and Minority staff for all of the work you have put into this.

I too was in Rio. I think Mr. Butler's proposal is an appropriate followthrough for the commitments that were made there and the idealism that was proclaimed. But it does indeed also have a practical payoff and I appreciate his bringing that to the committee's attention today, as well as the important testimony from Mr. Alexander and Ms. Meyer.

Mr. VENTO. Thank you all.

We will be adjourned.

Thank you.

[Whereupon, at 2:20 p.m., the hearing was adjourned.]

A P P E N D I X

OCTOBER 26, 1993

ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD

**OPENING STATEMENT
THE HONORABLE JOHN J. DUNCAN, JR.
ON H.R. 3286
GOLDEN GATE NATIONAL RECREATION AREA
OCTOBER 26, 1993**

Mr. Chairman, the last time we discussed the issue of the conversion of the Presidio into a park area, proponents of this effort stated that my efforts to hold funding at the previous year level was premature in advance of the release of the National Park Service plan. Mr. Chairman, I have now seen the plan which was released on October 19 and I'm twice as concerned. The GAO study released today underscores my concerns about the viability of this plan and its cost to the American taxpayer.

According to the National Park Service plans, the cost of this effort is estimated at \$1.2 billion over just the next 15 years, of which Federal taxpayers are expected to finance at least \$500 million. According to GAO, Federal costs are likely to rise much higher since the projection of \$700 million in non-Federal funding is based on numerous, highly-questionable assumptions.

I would like to read from a recent letter to the Editor which appeared in the San Francisco Chronicle.

I find the Presidio to be one of the most beautiful places in the U.S.A. The Army is hard at work painting buildings, resurfacing roads and generally cleaning up the area before handing it over to the National Park Service.

I wonder why they are wasting all of our hard-earned tax dollars to do this? One look at the buildings in the Golden Gate National Recreation Area in the Marin Headlands (formerly Fort Barry) should let us know how the National Park Service handles their property. The National Park Service allowed these once beautiful buildings to deteriorate to a point where it may not be cost-effective to restore them to the condition they were in when the Army handed the property over. You only need to visit Fort Barry and see the condition of the buildings there to see what will the Presidio look like in the future. What makes us think they will treat the Presidio differently?

Diana Dean
San Francisco

In defense of the National Park Service, their job is simply too big for the funds available. Yet, Congress keeps heaping more and more responsibility onto this agency. It is precisely this unchecked authorization and desire for

Congress to legislate away everybody's problems everywhere which has led to this country's \$4 trillion dollar debt.

Unfortunately, the EIS prepared by the National Park Service fails in terms of analyzing all feasible alternatives. The plan relies on \$700 million in private sector funding, yet gives no real incentive for the private sector to invest; therefore, there are serious doubts about whether the goals of the plan can be accomplished.

I agree with those who wish to preserve the Presidio and I intend to work toward development of a realistic plan which can accomplish this goal.

October 7, 1993

San Francisco Chronicle

LETTERS TO THE EDITOR

Pleasures of Fort Barry

Editor — In Open Forum of September 27, Diana Dean misses the mark in her anxiety about the National Park Service taking over the Presidio, drawing a comparison between the buildings at Fort Barry, in the Marin headlands.

At the invitation of the park service, I returned to Fort Barry last year to participate in an oral history interview about my service there before World War II. The two old 1907 barracks were virtually abandoned by the army long before the park service took over in 1972.

I had served at the old post hospital and was pleased to see how it had been renovated and turned into a comfortable youth hostel and the post chapel into a modern, first-class visitors' center. The interior of the buildings had undergone a good deal of refurbishing.

Fort Barry was a defensive outpost of the Coast Artillery, the Presidio a "spit and polish" headquarters installation. As there were differing military missions in the area, so the Presidio will need different treatment.

But thanks to the park service, Fort Barry now has the best preserved and most diverse collection of military architecture and fortifications in the country.

EDWIN C. LARSON
Pacific Grove (Monterey Cty.)

STATEMENT OF CARL ANTHONY

Director, Urban Habitat Program

President, Earth Island Institute

Chair, East Bay Conversion and Reinvestment Commission

Member, Presidio Council

House Subcommittee on National Parks, Forests and Public Lands

October 26, 1991

Mr. Chairman and members of the Committee. I appreciate the opportunity to share my thoughts as well as my hopes for the Presidio of San Francisco as it becomes a new unit of this nation's national park system.

Thank you for the time you have spent on this issue in trying, like we all have, to ensure the most promising and viable future for the Presidio.

I am a member of the Presidio Council, a group of national volunteers who have been involved in helping the Park Service define a new mission for the Presidio of San Francisco in its new role as a national park. I am also President of Earth Island Institute and Chairman of the newly constituted Conversion and Reinvestment Commission, which was established by Congressman Ron Dellums. The goal of the Commission is to initiate civilian planning and re-use of military facilities in the East Bay and to guide the remissioning of the region's national laboratories.

In the San Francisco Bay Area, the Presidio is just one of many military bases in the process of closure and re-use. The closure of these military facilities and how they are used in this new post-Cold War era will define the future direction our regional economy. Not since World War II have we had the opportunity to set such a comprehensive agenda for economic revitalization.

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In the San Francisco Bay Area, the Presidio is just one of many military bases in the process of closure and re-use. The closure of these military facilities and how they are used in this new post-Cold War era will define the future direction of our regional economy. Not since World War II have we had the opportunity to set such a comprehensive agenda for economic revitalization.

In the context of diminishing natural resources, the need to restructure our economy, and our yet undefined role in the post-Soviet international environment, we must view the challenge of base closure as an opportunity to create new sustainable processes of development.

The conversion of the Presidio into a national park has led the way for us to think about how these military facilities can be used to demonstrate sustainability. The Presidio's buildings, open spaces and its relation to one of the most dynamic urban spaces in this country, make it a unique laboratory.

- o As a national park, the Presidio will house programs and promote activities designed to demonstrate how each of us, individually and collectively, can live in ways that will ensure the existence of resources and safe environments for our children.
- o The innovative public-private management concept being advocated for the Presidio will break new ground by introducing the concept of a national park that is economically sustainable.

In terms of public education and learning, as well as collaborative public-private management, we look at the Presidio's conversion as a model for the peacetime transition of other military facilities.

Mr. Chairman, I believe the Presidio has already broken new ground in another area --- as an example of the effectiveness of extensive public involvement in creating a vision for re-use of public facilities. Throughout the planning process, the National Park Service has extended a far reach to include the public, encouraging extensive debate about what should happen at the Presidio. I believe this impressive public involvement is, in itself, quite significant. It is a timely shift, in this post-Cold War era, to engage the public in joining our efforts at defense --- this time defense of our environment.

Mr. Chairman, at Earth Island Institute and throughout my professional life, I have tried to extol the virtues of sustainability. I believe that, to survive, we must take care of our lands, learn to live more delicately on this earth and to co-exist with each other.

Today, with the convergence of two phenomena -- a declining military need and an increasing awareness of our relationship to the environment -- we have reached a point of unparalleled opportunity to demonstrate a new way of thinking about each other and our environment.

The Presidio is the perfect place for such an undertaking. As a former military base, the Presidio can teach us of the birth and coming of age of our nation's western frontier. As a national park, it can teach our children of the birth of a new concept of defense -- one that will enable them to live more at peace with

the land and with each other.

I urge you not to let this opportunity slip away. Please support this national park and the implementing legislation that is necessary for its sustainable management.

Thank you.



National Parks and Conservation Association



STATEMENT OF

**MR. DALE CRANE
NORTHWEST REGIONAL DIRECTOR
NATIONAL PARKS AND CONSERVATION ASSOCIATION**

**SUBMITTED TO THE
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS
HOUSE COMMITTEE ON NATURAL RESOURCES**

ON H.R. 3286

OCTOBER 26, 1993

Mr. Chairman and members of the subcommittee, my name is Dale Crane. I am the Northwest Regional Director for the National Parks and Conservation Association (NPCA), a nonprofit citizens' organization dedicated to the protection and enhancement of the National Park System. On behalf of our Association's 350,000 members, I am pleased to testify in support of H.R. 3286, legislation to provide for the management of the Presidio by the Secretary of the Interior.

NPCA testified before this committee in May 1972 in favor of the establishment of the Golden Gate National Recreation Area. An important part of that testimony was our strong support for the provision to require lands administered by the U.S. Army to be transferred to the National Park Service when those lands became excess. In our testimony we said:

"We believe the entire Presidio should be designated as part of the NRA, and that the Army should be moved out entirely from this area."

That has now happened and NPCA continues to believe the Presidio will be an outstanding addition to the National Park System.

The Presidio is the oldest continuously operated military base in the United States. The area has been and is the central core and a major element of the fabric of San Francisco, woven into the city just as history of the Presidio is woven into every major military conflict of our Nation. Also, the Presidio is a significant natural area of great scenic and scientific value to the region.

The Presidio is a great natural area in it's own right and more importantly is the only example of a site that reflects the living, changing history of North America since the days of Spanish colonialism. In every respect, the Presidio deserves our best efforts to maintain it's character and integrity and to continue the role of this special place as a center for the best efforts our

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society can make in education, international cooperation, environmental protection, and above all responsible private enterprise.

NPCA strongly supports the concept of deriving income from Presidio facilities to make the unit as self-supporting as possible. There will be many arguments against expanding the authorities of the National Park Service so that the Presidio can become a self-supporting addition to the system. All such arguments will be trivial in relation to the importance of what is to be protected. There is simply a need to maintain this remarkable resource as a living viable part of our society with a minimum expenditure of public funds. H.R. 3286 will permit that to happen. Any other course of action would either result in the loss of this incredibly valuable resource or place undue burdens on the Federal Treasury.

The Presidio is a major resource with all of the attendant problems associated with managing over 500 buildings; water, sewer, roads, and electrical systems; and providing security, public safety and administration. The flexibility provided by H.R. 3286 will allow the Park Service to lease existing structures at the Presidio to obtain the funds needed for maintenance and operation.

NPCA strongly supports the proposed leasing program and the authority to return that income directly to maintenance and operation of the Presidio. This idea has worked well on a smaller scale with the historic buildings leasing program of other national park units, and will work well at the Presidio. Without such a program there will be no income, and the costs for minimum protective maintenance of the area would severely deplete available Park Service funds. Letterman Army Hospital and the associated LAIR research facility cost \$1.3 million annually to maintain as empty structures. At the same time, the University of California at San Francisco is seeking to use the structures but cannot because the Park Service has no authority to lease them.

NPCA is not in favor of giving NPS leasing authority just to occupy empty structures. The past role of the Presidio in human conflict dictates a future role as a national center for those who would seek a better world by addressing critical educational, social, cultural, economic and environmental challenges. The National Park Service has made this concept a theme of the Presidio Master Plan which we support.

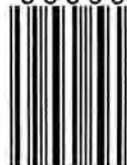
However, we do have concerns about the capability of any federal agency to manage such an extensive real estate leasing operation. While it is necessary for the National Park Service to set policy and protect the federal investment, they need not have day-to-day operational control. The National Park Service is an outstanding agency made up of dedicated men and women who give far more to us than our government gives them. However, they are not trained or experienced in leasing programs, nor are the laws and regulations controlling the park service designed to allow the flexibility and quick response needed to proficiently manage Presidio real estate. For these complex reasons, we believe this legislation is a much needed first step, but additional authority should be given to allow establishment of a flexible quasi-public organization to manage income generating of the Presidio to the benefit and profit of us all.

Thank you, Mr. Chairman, for considering my testimony.

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